



Former CEO of Procter & Gamble Brazil and Gillette Exec's 4-Step Process to Launch Products All Over the Globe

Steve Sanduski:

Hi everybody and welcome to On Your Mark, Get Set, Grow! I'm your host, Steve Sanduski, and our guest today is Alberto Carvalho. Alberto is a global business leader with extensive experience in the fast moving consumer goods industry, and he's had a successful 26 year career at Procter & Gamble that included serving as vice president of Gillette's global business as well as CEO of Procter & Gamble's Brazil operations. He's worked in five different countries and he's led businesses ranging from 25 million to 3 billion in sales. He's also involved in private equity and is an investor, advisor, and board member in numerous companies and organizations. He's been a YPO member since 2003 in Chile, Argentina, the United States, and Brazil. He lives between Miami and Sao Paulo, Brazil. He's fluent in Portuguese, English and Spanish and is an active athlete having completed several iron man and marathon races. In other words, there's very little that Alberto cannot do. To top it off, he's a coach here at CEO Coaching International.

On today's show we talk about a four step process to develop products that are going to win with consumers and how the CEO leads this process. I think you're really gonna enjoy this because Alberto shares some inside stories of how new products get developed and how mistakes get made along the way when you're not paying attention to what consumers are trying to tell you.

I want you to be sure to listen to the end as Alberto shares what he believes is the best way to accelerate your personal growth. Let me give you a little hint here. It's going to make you a bit uncomfortable. All right. With that, I want you to enjoy my conversation with Alberto Carvalho.

Alberto, welcome to the show.

Alberto Carvalho: Thank you, Steve. Thank you very much. I'm really excited to be here.

Steve Sanduski: Yeah, well we appreciate you taking time here to be on this episode of On Your Mark, Get Set, Grow! Where I'd like to start today is we want to talk about developing products for consumers, and I thought maybe a good place to start would be: has the nature of consumer marketing and how consumers go about discovering products today, has that changed? I'm thinking that it has because of things like the Internet and how there's different ways for consumers now to access information about products. So given your tremendous background and experience with some large consumer package goods companies, I'm just curious, what are your thoughts in terms of how consumers go about today maybe discovering new products and learning about new products and how as developers and creators of new products that affects what we do?

Alberto Carvalho: Great point, Steve. It actually has changed very rapidly over the past few years. Now remember, I've been with the consumer market for almost 30 years and if we go back a couple of decades the way consumers will get to know the product will be through advertised on TV, and of course when they are either trying the product through a sampling program or actually bought the product. Today with the Internet consumers have access to that product, or the information about that product very easily, many times from the manufacturer itself but also from all the consumers, from the experience that other consumers had about that product. So consumers today are way more knowledgeable than they were 5, 10, 15 years ago. This at the same time poses more challenging to develop solutions for them, but also gives a lot more opportunities for a lot more companies to develop solutions for them.

Steve Sanduski: So can you walk me through what the process would be as you're thinking about trying to develop a new product, what are some of the ... and let's talk a consumer product today. What are some of the steps that you would go through to try and develop a new product?

Alberto Carvalho: Well, I always believe that everything starts with the consumer, so we want to develop something for them, a solution, either product or a service that meets their needs and sometimes their desires. And to do that you have to learn about them. You have to see the world as they see it and not as we see with our bias because you are develop something for your target consumers. So you need to understand how they use a product of that category. So the best way to do that is to immerse yourself in their world.

You cannot do this sitting in your office or looking at magazines or internet only. You have to actually go and step into the world. There are many ways of doing this and that's what I've done a lot in my life is ... let me name a few of them, which is one is actually go to their homes and see how they're using products in

the categories that we want to enter. I mean, because you learn how they're using it, you can interview them.

For instance, I've been so many times watching guys, for instance, shaving at 5:00 AM to see how they do that and what is missing that experience. You can sometimes be a fly in their homes. Actually, you ask nothing, you just observe how they go about their day and see what's missing to make our lives better. You also can do what we call shopping trips. You go with the consumer to the place that they shop for their product or service and watch them doing that. And what do you learn that? You learn what captured their attention, how fast they're going to make that purchasing decision, if he reads the label, if he talks to someone. So you also see that. That's the first part that you have to do is to really understand the consumers and see what's missing.

Steve Sanduski: I'm curious, when you do that you say that you immerse yourself in their world. You watch someone at 5:00 AM as they're shaving. So, do you just simply go knock on their door and say, "Hey, can I be a fly on the wall and watch you shave at 5:00 AM?" Or how do you actually get permission and find people that are willing to let you immerse yourself in their world?

Alberto Carvalho: There are agencies that specialize on this. So they have thousands of homes within the target that you need and you'll hire them and they talk to the homes and they get the permission. They do the whole scheduling and then you'll show up there. It's not known that you are from that company because that would bias probably the consumer. You're seen as one person from the agency that's going to understand your habits in that specific category, and so that happens and that's very common.

This is if you want to hire an agency sometimes on a shopping trip, Steve, it's as simple as you go to the supermarket. For instance, if we're talking about consumer goods, and you just go to a person and say, "Hey, I'm trying to understand here how you're shopping from meat. Do you mind if I ask you a few questions?" And most of the time the person will answer the questions that you have.

That's where you really learn ... for instance, one experience I had in the past I was studying the low income consumers in Argentina when I lived there. I spent a week living in a home of a low income consumer family. I would not sleep there, but it would spend from 6:00 AM to 8:00 PM to see the whole day, how they would live with \$2 per day, and the world opens up. Like, I mean there is a completely different world from the one we live, no? That allows us to understand how can we improve the lives of those customers by bringing in products and services that will make their lives better.

Steve Sanduski: Yeah. Okay. So the first step here is to really understand the consumer's needs and their desires. So once we were getting a read on that, what would you say is the next step?

Alberto Carvalho: The next step you starting designing your solution, we call prototyping, then you start bringing back to those consumers your proposition, your design. It's not going to be a final product, it's going to be ... call it a tracked product, and you bring and have them use it, and they're going to actually provide a feedback of what's working and what's not working, if it's actually addressing their need or their desire or not.

You keep reiterating on that, and you have to do that fast and cheap. So the faster and the cheaper you can do that the better because then you can find, you can get to the final solution, because then you have to scale that up because the one thing is you for you to do the prototype but once you are there then you need to do the right design that will be able to be produced in the plants that you have, knowing the lines for mass production, talking about mass production, and it's a service of course to go into the system of the company to provide that service to those target consumer. But the second step would be the prototyping to get to the product that you want to produce in large scale.

Steve Sanduski: Has the process of prototyping changed over the course of your career? I'm just thinking with some of the newer technology and things like a lean startup methodology, how has that process changed and maybe what are some of the tools or ways that people use prototyping today?

Alberto Carvalho: Yes. For instance, give an example, today with 3D printing it's much easier for you to bring a solution. Before you would have to have almost a, what we call a pilot plant, which is similar to the plant that you have to produce the product on a much smaller scale. They're expensive for you to design the prototype, so that would take long and was expensive. Now with some of the technologies you ... first, you'll have a lot of suppliers that you can do bits and parts from different suppliers and put it together as you do the prototyping. You have 3D printing.

Many times you can actually share with consumers on a 3D design on a computer to have the first interaction before you have the real product itself. So now prototyping has become much easier to do much faster and much cheaper. And that's the beauty, because in the past to do that you would have to be a larger company with more cash to spend on that. Today, because it's cheaper and faster to build this, it's open to way more companies and smaller companies to try to address the consumer needs.

Steve Sanduski: When you come up with this prototype and you go and you show it to suit to some consumers and they're starting to use it today everyone's got a smartphone and everyone wants to tweet and they want to put something on Instagram, so do you have to have really tight agreements with these people to say, "Hey, this is proprietary and this is confidential, and you need to sign this confidentiality agreement that you're not going to take pictures of this and post it on Instagram." Do you have to have some kind of legal agreements with these people so that they don't start spilling the beans on the prototypes that they're using?

Alberto Carvalho: Yes, usually we do, but you have to be prepared that it's going to leak. 'Cause sometimes it leaks, sometimes the laws in some places and not as tight in other countries. Sometimes they do that by mistake, or like you said, I mean, they want to have fun and they want to share with someone. So there's always this risk of competition getting to know what you are designing and jump in front of you. So that's why you need to do this process fast so that you get to the product that do want and are able to launch before competition does.

Steve Sanduski: Okay. So the second step here is this designing the solution and prototyping and testing it with consumers. So what would be the next step?

Alberto Carvalho: The next step if you want to make sure that you have the right product is to do once you've reached your solution, that you're happy, you should do a large scale test, which will be basically having about the between 300 and 1000 people that you will pass your products, sometimes versus competition to really have a reading if you have a winning solution or not.

This some companies do depending on the investment that you're going to put to produce and to launch a product. Some companies trust more the more qualitative prototyping and the hunch that they have a winning product and they go after it, it will all depend on how much risk you are willing to take. So that would be the third step that not every company does and not in every product development they do.

Steve Sanduski: Okay and then- I'm sorry, go ahead.

Alberto Carvalho: The fourth one, of course, once you have that is ... I mean, you're getting to the launch mode. The launch mode is open to many aspects because you have the production of that, you have to plan the distribution, the marketing, and everything else to make the launch of that new solution very successful.

Steve Sanduski: Excellent. All right. So are there any thoughts that you have here in terms of some creative ways that you've implemented over the years as you've launched products at some of the large companies that you have worked for and led?

Alberto Carvalho: There are a few things that I would, highlights. One is about who's going to do that work. I've always believed that you need to bring a very diverse team to do this consumer learning because there are so much to learn and people, different people see different things. When are talking to consumers they are observing things, and sometimes we see the same thing and we interpret in different ways. So the more diverse you have, and I talk about diversity and bring different functions, bringing people from research and development, bring people from engineering, bring people from marketing so that there's going to be see different ... different profiles, people with experience the category that we're going to launch and people without experience.

Also different levels, people with very a high seniority and also younger folks that will be looking at different things. I have one, an anecdote, that happened to me when we were designing a new to the world product in India and we went to see guys shaving and one of the individuals in our team, he noticed that was there was a nail on the wall and he asked, "Why this nail?" And I said, "Oh, that's where I hang my razor." He said, "Oh," and we actually design our product with a hole in the handle so that consumers could hang the product, because we will not change the habit of literally hundreds of millions of men in India that we're doing that with our launch. So it's much better for you to adapt yourself to that habit.

So having this diverse team that will look at what consumers are doing, experience, it's very, very important.

Steve Sanduski: So that's a great example there of how when you immerse yourself in that client's world, that you start seeing things that you would not have seen had you just been sitting in your office trying to design what this product is going to look like.

Alberto Carvalho: Yes. One of the best stories that I used in my time when I was at P&G to illustrate that ... Steve, give me a moment to share this because a funny story. So they wanted to develop ... and it's also about India. They wanted to develop a product to prevent clogging of the razor in India. They developed the product in Boston where was our headquarters and they said, "Oh, we need to test with consumers. So where do we have people from India? Oh, we have a lot of them in MIT." So the hired a lot of students in MIT, about 150, and they gave the product for them to test. They test the product, and I mean results were outstanding, and they said, "Oh, we're ready to go," and they launch in India and it was a major failure.

Then I arrived there about a year later when that happened and I said, "Guys, you test it with the consumers in the wrong place." So when you go to India, you don't have running water, you don't have hot water, you don't have mirror in the house of the low income consumers. Actually sometimes many homes share one bathroom. So the shaving's done in your living room in the dark. Okay. Sometimes in a small mirror. Not with running water. So you have to test with consumers and see consumers in the place that they live and not mix things. So I think that's a good example of what really immersing with consumers where they are really gives you the right insights to develop the solutions.

Steve Sanduski: Well, I love that example because it just really points out that there are no shortcuts here. That if you try and take a shortcut of, "Oh, well let's find some people from India that are right here in the US that'll save us a trip from going to India and having to see people in their natural living environment," and how it just flopped. So it just, yeah, just points out the importance of the not taking any shortcuts here.

Alberto Carvalho: Yes, and you're totally right. No shortcuts.

Steve Sanduski: All right. Are there any other creative ways that you have used in the past to develop these products?

Alberto Carvalho: Yeah, the other ways, I don't know if it's above this creative way, but I think also the importance of this CEO involvement in this process. I truly believe that the CEO needs to be heavily involved. And why is that? I take this based on my own experience. The most important thing is that he himself or her herself will be able to understand what are those needs and desires instead of being told about it. It's not that someone's going to come to him or her and say, "Hey, that's what we need to do." He will be there and he will see with his eyes, no? Most of the time he is also the most experienced in the group because she or he is the CEO. So it will help to understand and we'll draw all this, create insights for the development.

The other one is, I mean, a lot of the CEOs are very authoritative, not unlike command and control. When you go to the homes you've got to talk to consumers. You really need to practice the listening and the dialoguing. It's not about command and control, because who's telling you what is needed is the consumer, is your boss. So the CEO's boss is not the board, it's actually the consumer.

He also will remove all barriers because he sees what's needed, for instance, prototyping to advance fast. So when the CEO is involved everyone in the organization also gets involved. So the VP of engineering, the VP of finance, or VP of HR, of marketing because they don't want to see or to know more than them. So the whole organization really gets behind on developing the solution that's going to win with the consumers. So I've always practiced that.

I always would take the plane and go to ... when I was, for instance, in Boston and the Gillette business, I would go to Mexico, Brazil, Russia, Turkey, India, China, and Thailand. I mean, name the country. I was there talking to consumers, doing shopping trips in their homes, seeing them shaving. We also were talking about also personal care products. So seeing them using other products in that category. That was really a breakthrough for us to be able to develop the solution in a fast and effective way.

Steve Sanduski: Now you kind of touched on this. So CEOs are typically hard charging type A personalities, strong egos. Do you have any thoughts on how do you get that type of CEO to have the self awareness that when they go out on a trip like this, they're out in the field, they're out in a consumer's home, how do they have some humility so that they don't try and take control of the situation and show who's in charge? Is there anything that you ... any thoughts that you have on how a CEO can maybe change their thinking and really realize, "Hey, I need to learn from this person, so I just need to keep quiet and observe and see how I can gather some information that will help me make a better decision here."

Alberto Carvalho: Excellent question, Steve. The process itself helps because everyone from the client that's working through the agency with consumers, they know if they force, they push, if they show that they are like the CEO or any VP and et Cetera, it will give the cards to the consumer and then the whole work is gonna be a failure, because consumers will close that up and he's only going to open up to what really they desire and they want, because the discovery process, it's not as easy as sit down and say, "Oh, tell me what do you want to start about that?" It's actually talking, seeing them using ... I mean if they're you talking about the food products, seeing them cooking and that's where you observe that.

It is so humbling, that experience. I've never seen the most commanding, high person not be humbled by that experience, because quickly they notice that they don't know as much as they thought they would and consumers will be telling them about, for instance, how bad your current product is, why the product's not working for them. This, in my view, is one of the main things to bring to the CEO because we'll make the CEO and the rest of the team almost the same level because it's the consumer that is telling them what they need. So I think the challenge is to bring the CEO to that setting.

Once they are in that setting I've never seen someone go against what the consumer wants or is telling them. Going to that setting to that experience I think is the most challenging for some of the CEO because they believe they know so much that they don't need that. What I have tried in the past is to help CEOs by bringing some learnings from the consumers that was completely against your thinking and trying to convince them. If you actually go and do your customer research you will learn way more and you will make your solutions so much more effective and grow your business so much faster that you wouldn't believe."

Steve Sanduski: Excellent. Well, I think there's some great insight there in terms of the key is just getting the CEO to go on the trip. It's not so much once they're there that they're going to have an issue, but it's just convincing them. So I think you've got a good tip there in terms of giving us some examples of here's what we've learned in previous visits that were totally opposite of what we initially thought going in. So you may learn some interesting insights that go against what you currently think, so great insight there.

Now, earlier you also mentioned that, you gave that example of the company who hired some Indian students that were here in the US to test a product and that was a big failure because they were in a different environment here in the US than they might typically have back in India where the product was actually going to be used. So do you have any other thoughts on mistakes that we should try and avoid or some lessons learned when it comes to developing products?

Alberto Carvalho: You have to be very clear on your target audience because it's hard to develop a product that is going to satisfy everyone. So you need to choose well and then

do the consumer research and the prototyping to that target. Many times it will please all the target consumers, but you have to be laser focused. So I've seen many mistakes in the past of work being done with a wrong target consumer or with a target consumer that was too generic. So you don't get the laser focus on your target consumers and to develop that solution that will please those people. I think that's a very common mistake on doing that.

The second one that I see a lot is some people, sometimes they go just to confirm one of their hypothesis and once they confirm they stop the consumer work and, "I had enough. I know what to do now." I think that you need to really complete the whole work that you might confirm your hypothesis and you might not at the end. So you need to really go through the whole process to really get the largest amount of insights for you to develop best solution possible to the consumers.

Steve Sanduski: Yeah, that's-

Alberto Carvalho: Remember the example I gave you on the nail on the wall?

Steve Sanduski: Yes.

Alberto Carvalho: That was one of the last visits we made. We had not picked that up before.

Steve Sanduski: Yeah. That's such an important point there, this idea of the confirmation bias that we think we're so smart, we know it all and that we just have a predetermined idea of what we think is going to happen or we think that we want and then we're just going to look for information that confirms what we already believe. So I think you just, you made a great point there in terms of we have to be open to learning something new and just be super observant of everything that's going on, like the example of the nail in the wall that you gave. So I think some really good insights there.

Well, Alberto, as we start getting ready to wrap up here is there anything else that you want to add that we haven't talked about on this topic? Then once we finish that and I got a couple other quick things that I want to run through with you.

Alberto Carvalho: Yeah, I just want us to reinforce that once you start doing this and you do this frequently it becomes so natural and part of you, of your doing business and it's so much more productive. It's a way to get everyone united and aligned so much easier because everyone's seeing what consumer wants. You don't need to do a lot of selling inside the company, either downwards or upwards or to the sides because everyone's seen so clearly what consumer wants. The things move much easier and everyone gets really upbeat and motivated about that mission that you have, which is satisfy the consumer. It's so easy and the morale of the organization gets really high. So I really recommend this, people develop solutions for consumers to start with the consumer in mind, the customer first.

Steve Sanduski: Excellent. All right. Well let's wrap up with a couple things here. So what is ... you are now a coach at CEO Coaching International. What was it about the company that attracted you and what are you hoping to accomplish as a coach here?

Alberto Carvalho: When I worked in Procter & Gamble for 27 years and out of that 17 I was CEO in different assignments, either in countries or in global brands. I was already coaching some of the younger CEOs. So when I met CEO Coach International I actually met a perfect place and that area. Why? Because they work globally. So they have customers on not only US but international basis. I think about 20 countries. They're very well established, having coached more than 350 CEOs so far. The results, Steve, are just outstanding.

So the CEOs and entrepreneurs that have been working with CEO Coaching International have been growing sales 40% a year. That is impressive. This is because the partners and coaches, all of them have been CEO's, and not only CEOs, but they have been CEO's who have made it big, who have made either big career or big exit. They have delivered outstanding results in their business. A clear methodology, best practice.

What I thought was, "I can merge my experience that I had in Procter & Gamble with a premier company in the consumer goods arena with the best practice of CEO Coaching International and be able to go and help other CEOs to deliver outstanding results." And this is, it's really inspiring because by doing that you'll see more CEOs being successful, more business being successful, and it's a way of touching so many people in those organizations by helping success across the board.

Steve Sanduski: Well, Alberto, we are thrilled to have you here as a coach and you talked about how it's CEO Coaching International, and you are a perfect example of that because you're based in Brazil and you have lived in multiple countries around the world. You have a really amazing international perspective. So we're just thrilled to have you here as a coach at CEO Coaching International.

Alberto Carvalho: Thank you.

Steve Sanduski: All right, well let's finish with just a few rapid fire questions. We understand the importance of people being clear on what their core values are, so I'm curious, what would be two or three of your core values?

Alberto Carvalho: Oh, that's a good question. One for sure is integrity because for me is about always doing the right thing. The other one that I lived in my life is about perseverance. I mean, grit is like being able to fall and come back up. Then the third one, balance. I believe in having balance across your life, you know, having your work, I mean, your family, personal health, having all those engines working well. So I'm not one that believes that success, that the work is all that matters. I think that you need a balance in life.

Steve Sanduski: Well, here's the second one. So we are big believers in lifelong learning, as you well know. So I'm curious, what would be one of your favorite business books and is there a particular lesson or thought from that book that sticks in your mind?

Alberto Carvalho: I love the author Jim Collins. He has written a few books. Built to Last is one of my favorites, and the title for me is all about the big insight, not that you build a company to last. It's not something that there's going to be a success for 5, 10 years, so is how you build something to last for decades and centuries. So he has done this fantastic study and brought all these key elements that lead company to be successful for many, many years.

Steve Sanduski: All right. Let me just wrap up with one final one here. I'm going to start a sentence and I would like you to finish it, and the sentence is: the best way to accelerate personal growth is ...

Alberto Carvalho: Is having different challenging experience in your life. I believe on that, Steve. I've done this with my life. That's why I've traveled and lived in so many different countries, worked in so many different business, because that was the way when you get into a place that you don't know you have to learn fast, you have to listen, you have to observe, and that helps you grow as a person and also as a professional.

Steve Sanduski: Well, I think that's a very insightful thought there, that it's when we get into these uncomfortable situations and we get outside of our comfort zone, that that's really where all the growth takes place. It sounds like you're very intentional about that, that you purposely put yourself in those types of environments and situations that do force you to grow.

Alberto Carvalho: That's correct. That's being one of my mentors in life.

Steve Sanduski: All right. Well, great. Well let's go ahead and wrap it there. Alberto, thank you very much for taking some time with us today and a welcome to CEO Coaching International. We're thrilled to have you and we look forward to a long, fruitful relationship here and all the great work that you're going to be doing with the clients or the firm.

Alberto Carvalho: Thank you, Steve, and for the time. I'm also really happy to have joined CEO Coaching International.

To inquire about our coaching services and programs, please call **1-866-622-9583**.



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