

A memo to end all memos

This week in 1931, a young manager sparked a marketing revolution with his typed strategy for P&G

Happy birthday! Yes, I know you probably weren't born on 13 May; I am referring to a professional anniversary, not a personal one. Today is a very auspicious date for all of you who manage brands because it is the day brand management was born.

To understand the importance of today's date we must travel back in time. Past the first Interbrand valuation in 1988, beyond the early branding research of Professor David Aaker in 1970, and back to 1931 and a beautiful spring morning in Cincinnati, Ohio. Specifically, we need to head over to the corner of Sixth and Main Street and into the office of a tall 27-year-old promotions manager by the name of Neil McElroy.

As we watch him typing furiously at his desk he looks like any other young manager. But McElroy is a rising star at Procter & Gamble. It has been only six years since he joined the company as a summer intern, but in that time he has risen from a job in the mailroom to become a key member of P&G's advertising team.

His boss, P&G president RR Deupree, is keen on the idea of developing separate branding teams within the company portfolio and has asked McElroy to flesh out the idea and formalise it. It is this task that now occupies McElroy and his trusty typewriter. The emerging memo is about to initiate a completely new organisational role and signal a

revolution in marketing management. McElroy is about to invent brand managers.

His memo actually proposes 'brand men', but the seven-point description of the new role that follows is unmistakably that of a brand manager.

McElroy suggests that the role includes full responsibility for packaging and advertising decisions. Equally important, 'brand men' should also meet with regional sales teams and work with them to ensure the marketing plan for a brand is executed correctly in the field. Brand managers should also analyse sales, develop marketing plans and monitor their progress using appropriate research methods. And it should all be done with the support of a team of market researchers and assistants also dedicated to a specific brand.

'This memo would change P&G, then its competitors, and eventually the whole field of marketing'



Perhaps most radical of all, the memo also recommends that each brand team should have the independence to openly compete with other P&G brands in the same category. McElroy had already witnessed firsthand how P&G's bigger brands would often take all the resources and focus away from smaller launches and was concerned that this would eventually render P&G vulnerable to other competitors. As a result of his memo, P&G brands would learn to compete just as voraciously with each other as with external threats – thus protecting the long-term health of the company as a whole.

It was a memo that would change P&G, then its competitors, and eventually the whole field of marketing.

But for many British firms, the principles laid out in McElroy's memo would be as challenging and inconceivable now as they were 78 years ago.

The majority of today's British brands remain badly managed by sales-oriented managers who are ignorant of the principles of branding and too often spread their attention too thinly across multiple brands within their organisation. The McElroy Memo is now a priceless antique in P&G's archive, but for British organisations, the contents spell out a challenge that many have yet to recognise, let alone meet.

Mark Ritson is an associate professor of marketing and consultant to some of the world's biggest brands

30 seconds on... Neil McElroy, the father of modern brand management

- Having drafted his memo, McElroy spent the ensuing years helping to establish his 'brand men' within P&G. One of the major obstacles was the **P&G sales force**, who 'looked at the brand men as a bunch of young college boys who were just fiddling around'.
- Aged just 43, McElroy replaced RR Deupree as



NASA founded with McElroy as a guiding force in his role as secretary of defense

president of P&G in 1948. Many of P&G's characteristic strategic traits took shape under his leadership, including its **focus on market research** and a growing interest in expansion into international markets.

- In 1957 McElroy left P&G to become **secretary of defense** in the US government. McElroy spent

most of his term allaying the **threat of Soviet superiority**. This was partly achieved through the foundation of **NASA**, of which McElroy was a guiding force

- After completing his service to his country McElroy was awarded the **Medal of Freedom** and returned to P&G, this time as chairman of the board.