

# LEADERS

January, February, March 2019

Volume 42 Number 1

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# Celebrating Life, Every Day, Everywhere

An Interview with Deirdre Mahlan, President, Diageo North America

**EDITORS' NOTE** Deirdre Mahlan is President of Diageo North America and is responsible for the company's largest market in terms of sales and operating profit. In this role, she oversees Diageo's spirits and beer businesses in the U.S. and Canada, which include brands such as Johnnie Walker, Smirnoff, Crown Royal, Ketel One, Captain Morgan, Baileys and Guinness. Mahlan has more than 20 years of experience in the consumer goods sector in a number of senior roles, primarily in the U.S. with Diageo and Seagram. Most recently, she served as CFO of Diageo PLC, during which time she was a member of Diageo's Board of Directors. Mahlan is also a non-executive Director for Experian plc. She completed her undergraduate education at New York University and holds an M.B.A. from Columbia University.



Deirdre Mahlan

**COMPANY BRIEF** Diageo (*diageo.com*) is a global leader in spirit and beer brands which are manufactured and marketed in more than 180 countries. Diageo was created in 1997 through a merger of Guinness and Grand Metropolitan which contributed to the company's vast and rich array of premium alcohol brands.

## Will you discuss the strength of Diageo within the North American market?

Diageo is the leader in spirits in the U.S. – we have the largest positions and leading brands in every category in which we participate. We have enjoyed long-standing success in the market and our strength is the diversity of our brand portfolio where, in most categories, we have the number one or number two brand.

## Are you primarily focused on growing the existing brands or developing new brands for the portfolio?

It's a combination of both. It has always been our goal as marketers and brand owners to continue to ensure our brands remain relevant to consumers and that we continue to do what we refer to as recruit and re-recruit. We have to continually recruit and re-recruit consumers for our brands and, as long as they stay relevant to those consumers, they can continue to grow as ours have for centuries.

However, we always approach our brands from the consumers point of view. We look at how and where the consumers enjoy their alcoholic beverages and how they socialize around them. We then decide what brands we have that are relevant to those scenarios.

Sometimes, this will require us to innovate with new brands or that we acquire brands. Distil Ventures, our Diageo funded accelerator program for entrepreneurs sees us invest in the future of drinks, while allowing the businesses to grow independently. We also acquire brands, as we recently did with Casamigos, where we saw a huge opportunity.

## Given Diageo's global footprint, is there close coordination from region to region?

We have a number of leading global brands such as Johnnie Walker, Smirnoff and Guinness. These brands have a more coordinated global effort because the consumers are global and the brand's purpose, how it's presented and how it shows up in the various cultures, needs to be consistent wherever the brand goes.

There are other brands that are born locally and remain local, and those tend to be regional and market specific.

## How do you guard against complacency when Diageo owns such a large market share?

It is vitally important to avoid that complacency. Our long-standing ambition has been to be one of the best performing and most trusted and respected consumer products companies in the world. This is something we totally believe in, but we're not there yet. We guard against complacency by recognizing that we haven't yet delivered fully against our own ambition and our stated purpose, and that keeps us fresh.

Sometimes, we find that we have taken our eye off the ball for a given brand or situation, and then we have to take a step back and refresh our approach. This is what we have been doing in super premium vodka with Ketel One – launching a new line called Ketel One Botanical – because we recognized that we needed to tap into occasions where we weren't present. We feel Ketel One has the credentials to do that and it has been very successful.

## Will you discuss the importance of diversity for Diageo and the opportunities that exist for women in the industry?

Forty percent of Diageo's global executives are female and the executive committee members come from six different ethnic backgrounds. In North America, we are now very close to gender parity on the North American executive committee, and the head of our U.S. spirits business is a woman.

We have been actively looking to encourage women to continue their careers in the industry and we engage our distributors and suppliers in that same conversation. We are also working to ensure that our own supplier base is diverse.

It's a journey and we have to continually keep our eye on the goal. We must continue to remove the barriers so that everyone can progress, and we are making positive strides overall.

## How does Diageo North America view its responsibility to the communities where it operates and is corporate responsibility a key part of the company's culture?

It's a huge part of our culture. Our purpose is celebrating life, every day, everywhere, and being proud of what we do is one of our core values.

Recently, we had more than 400 people renovating a park in Stamford, Connecticut, where we were also stuffing bags of food for Rise Against Hunger and conducting educational seminars on responsible drinking. We allow our employees to take time every year to participate in these types of activities.

Globally, Diageo has a three-pillar approach to corporate social responsibility: one focuses on environmental – such as water efforts, because water is a key to creating our products, but is also a resource coming under increasing pressure in many parts of the world.

The second focus is on community and education – for example, Learning For Life, which is all about partnering with the hospitality industry to give people new skills for the future.

The third one is focused on alcohol in society – reducing any negative impacts of the use of our products through consumer education and programs to make sure our products are consumed responsibly.

These are consistent focuses that we invest in and that receive a significant emphasis at our global executive committee meetings.

## What makes Diageo so special for you?

I joined Diageo through an acquisition. There are two reasons I have stayed here: first, we are always striving for excellence, so I'm constantly feeling challenged. There are only so many businesses where, if one demonstrates the aptitude, willingness and leadership, they are given an opportunity to step forward.

The second reason is Diageo's commitment to values. We are committed to inclusion and the core values of the business, which include celebrating life, every day and everywhere.

It really is an enjoyable place to work. ●