

Debra Kelly-Ennis – Women of Influence Deloitte Luncheon

– May 30, 2012

“Relationships”

Good afternoon.

Thank you, [NAME OF INTRODUCER].

[TO AUDIENCE] And thank you all for inviting me to share my thoughts and experience with you. This afternoon, I want to talk with you about relationships in business because I believe they are the essence of success – not just for individuals but for entire organizations.

By the time I’m finished, I hope you will see that building relationships, to me, is not just a personal skill. It is an organizational capability, just as much as developing great consumer insights or building efficient distribution systems.

So what I'm going to talk about is a Diageo story as much as my own story. I want to share with you what we've learned at Diageo about the power that relationships have to drive great performance. It's a story that I hope will have you thinking differently about how your businesses run, not just about how you manage your personal networking.

I'll start with three examples to show you what I mean by the power of relationships to drive great business performance.

Then I'll share with you what we've learned at Diageo about what goes into a successful relationship.

Finally, I'll share with you why personal relationships are more important than ever to businesses like all of ours – in other words, why we should treat relationship building as

a business capability and invest in it like we would any other critical capability.

My first example of how relationships drive great performance is a story about me and the rapper and entrepreneur Sean "P. Diddy" Combs. It's a business story as well as a personal story, so let me first set the business context for you.

Diageo is the world's leading total beverage alcohol company. That means we do business in all three major parts of the beverage alcohol world -- beer, wine and spirits.

Diageo already has a rich portfolio of the world's leading beverage alcohol brands, including 8 of the top 20 spirits brands in the world. Our spirits brands include Jose Cuervo and Johnnie Walker to name a few.

We also make and market some of the world's iconic beer brands – Guinness, Harp, and Red Stripe—as well as the leading flavored malt beverage – Smirnoff Ice.

Our wine businesses include Beaulieu Vineyard and Sterling Vineyards from California.

That may sound like a lot of brands to manage, but we have great ambitions. We aim to continue to outdistance our competitors in the beverage alcohol business and ultimately to become one of the world's leading consumer products companies.

With those ambitions, we are constantly looking for new ways to grow – and that gets me to the story of P. Diddy and me.

When we first met, Sean was a rapper and entrepreneur with an edgy – if not dodgy – reputation, especially in the

tabloid press. But he was also one of the great taste shapers and trendsetters in pop culture in the US.

We met at the Superbowl a few years ago and discovered that we had something fundamental in common, a mutual vision for our businesses. Both of us were about celebrating life, everywhere, every day, which is, at Diageo, our corporate purpose.

As Sean and I got to know each other, we developed a tremendous personal respect for one another in how we went about bringing that purpose to life. And it was then that we could see the possibilities in working together.

Today, Sean is the advocate, spokesperson and, in many ways, the chief marketer behind the Ciroc brand in the US. Thanks to his advocacy, we are on track to sell 2 million cases this year with an NSV greater than \$300 million dollars. In all, Ciroc volume has grown 25-fold since we

began our collaboration and our friendship has grown about the same amount, as you'll see from my next story.

This story, my second example of the power of relationships to drive great performance, is really about the amazing things women can do when they work together. Several years ago I met a truly inspiring woman, Joi Gordon, who had founded an equally inspiring organization called Dress for Success. For those of you who may not know Dress for Success – it is an international charity that promotes the economic independence of disadvantaged women by providing professional attire and a network of support and career development tools to help women thrive in work and in life. DFS has helped more than 400,000 women across the globe.

Joi and I liked each other immediately and shared a common, personal interest in wanting to help women

succeed. She said she'd love to have me on her board, but she did have some qualms about working with someone from the beverage alcohol industry.

I told her I appreciated her candor and wanted to be equally candid. I told her our company wanted to change the face of the industry by becoming deeply involved in our communities, where we live and do business, and we also wanted to demonstrate our passion and commitment to responsible drinking. That was a corporate goal, yes. But it was also a personal goal of the people of Diageo.

I did join the board and found a group of creative women who could come up with ideas as good as those of my own marketing team. And, boy, did we come up with a terrific one, just sitting around a kitchen table. And I mean that literally. The idea became a fundraiser for Dress for Success called "Something to Share" and was based on the

simple premise that everyone has something to share with the women served by Dress for Success.

Sean Combs created the Something to Share scarf and necktie. And together we raised more than \$1.6 million in cash contributions and another \$5 million in in-kind goods and services in the US.

Since coming to Canada, I've maintained my friendship with Joi and my commitment to Dress for Success. Together, we've now established a Dress for Success chapter in Toronto.

Here's my third story. This example involves an American named Dave Ardill, a Canadian named Doug Ranch, and a real "blue sky" thinker – sometimes known as the hippy – named Jeff Harper. They run a business called Pub Concepts which is a buying group for 55 restaurants and pubs.

When I got to Canada nearly four years ago, they were a major customer for our leading beer brand, Guinness; in fact, they were our number one Guinness customer. But they were not a very big customer for the rest of our brands – spirit brands like Smirnoff, Johnnie Walker, and Crown Royal, and our wines including Sterling and Beaulieu Vineyard; and ready-to-drinks like Smirnoff Ice. One of our competitors pretty much had that business sewn up. I knew we had stronger brands and could offer them better brand support.

Dave, Doug and Jeff treated all of their business as a relationship business, and so with the help of my sales team, I set about building a relationship with them. I met with them in their offices, along with my sales team. I took them to dinner. And I even put the golf lessons my Dad had given me as a teenager to good use by taking the three guys on golf outings.

I got to tell the story of our brands and all the brand support we could offer them.

Over the course of all those conversations, we got to really know each other, and today, Diageo Canada is the leading spirits, wine and ready-to-drink supplier for Pub Concepts. [Pause]. This year, Diageo Canada had our best SPD in 4 years, and Pub Concepts marked their best ever, along with their Guinness, Harp, Smithwick's and Kilkenny business up significantly.

Clearly, a good relationship can lead to great business performance. That makes it important to know what goes into a good relationship. It's important enough that we've actually made it part of our leadership development at Diageo. We really are investing in relationship building just like any other business capability. We've gotten a deeper understanding of what makes up a good

relationship with the help of experts. And we've gotten better at it with lots of practice.

Here's what the experts tell us.

Great relationships have four common parts:

- **Understanding and empathy**
- **Respect**
- **Trust and candor**
- **Positive intent.**

Let's take a closer look at each one of those.

Understanding and empathy mean you have a deep appreciation of the other person's reality; you are able to step inside that world and understand how it looks from the other person's perspective without judging it from your own. That's not easy, as any committed couple – whether friends or partners for life – can tell you.

Once you appreciate that world and other reality, you have an insight into that person's make-up, motivations and goals. And perhaps most important, you have an insight into and accept his or her feelings. If the other person is happy about something or truly upset, you get it. It makes sense because you see how things look from that point of view.

I think mutual empathy and understanding had a lot to do with the way Joi and I were able to connect. We didn't start out looking at the world the same way, especially the place alcohol has in the world. But we came to understand each other's reality, accept it, celebrate it and then find common ground to work together for the benefit of the women who get a second chance on life through Dress for Success.

[Slight pause.]

Respect. We all want it. We can all sing it. But what's it really made up of? The experts we work with say, first of all, that when we feel respect for someone it comes from confidence and a positive belief in the other. Then you have to respect yourself to show respect to someone else. Finally, you earn respect from demonstrating competence and credibility, which, in turn, is what we respect in others.

I think a good deal of what I was doing with Doug, Dave and Jeff from Pub Concepts in those long conversations was earning their respect.

The third big part of a successful relationship is trust and candor. In a strong, healthy relationship, everything is on the table; there are no elephants in the room. You face your differences directly. And, most important, you match your actions to your words and your words to your actions.

And you keep your promises – which means, in part, you only make promises that you know you can keep.

Our relationship with Sean Combs wouldn't work without trust and candor -- with both of us laying our cards on the table and acknowledging the different worlds we came from and the apparently different goals we seemed to be seeking in our own lives and with our companies. Once we got all that on the table, we were able to trust each other enough to find the common ground and common goals and trust that we'd both work toward them.

The final element of a healthy relationship, the experts tell us, is positive intent. Both partners in a good relationship act from positive intent and – maybe more important – assume that the other person is acting from positive intent.

Underlying positive intent is a sincere commitment to understanding what the other person needs out of the relationship and helping them get it. In a healthy relationship, too, you have to see the possibility in the other person and not the limits.

Positive intent shows through each of my stories with Sean, Joi, Doug, Dave and Jeff. But I also want to share with you another story of positive intent. This time it's a story about our relationship with our employees.

You see, we want our employees not only to do well on the job but also to be ambassadors for our brands and, just as important, ambassadors for responsible drinking when they are off the clock. We want them to show good judgment about the way they enjoy our products – and to model that good judgment for other consumers.

We believe that's what our people want, too. They have a positive intent to be ambassadors for our brands and a positive intent to be ambassadors for responsible drinking.

As a company, we want to both respect and support that positive intent. That's why this year at the start of the St. Patrick's Day selling season for our industry, we introduced a new employee initiative to raise awareness about the responsible use of alcohol – and to give our people a tool to demonstrate their responsibility.

The tool is an 800 number and a mobile app for Smartphones called #TAXI. Employees can use the app to be connected, nearly instantly, to the first available taxi company when they are out anywhere in Canada to get a safe ride home for themselves and their friends.

We know they have a positive intent to enhance our company reputation by showing a responsible attitude

toward drinking. We want to support them by giving them a tool to act on that intent.

[Pause]

Finally, let me touch briefly on my third topic this afternoon -- why relationships are so important today in business, beyond the obvious value to great partnerships.

As we've worked to embed relationship building as a capability at Diageo, we've found three even more fundamental business benefits to great relationships.

First, you achieve consistency of behaviors and results in an organization without being overly rigorous with process. The behaviors you want from an organization simply become part of the behaviors of a good relationship. You've internalized the processes you want

through the relationships, which is a lot more efficient and effective than the planning, executing and external checking of most attempts to get breakthrough performance through process engineering.

And even more than consistency, great relationships can drive nimbleness, risk taking and innovation and achieve effective execution. When you trust each other, when you are open, when you respect each other and empathize with each other in an organization, you can simply get more done and done faster with greater creativity because the usual bars of distrust and defensiveness are down.

I can illustrate these results from my own experience here in Canada. Despite still encountering the effects of working through the toughest economic times in almost a century, we are growing the spirits and wine business of our company, and brand health is improving across our biggest brands.

We have reinvigorated the iconic Crown Royal brand through an association with Hockey Night in Canada, launched the “Guinness is Good” campaign as the leading imported beer, and repositioned Sterling wine as “Pure California,” which tripled sales over three years.

2011 was the fourth year in which we have consistently delivered our financial commitments of sales and profit growth, surpassing the industry on both measures. And we are on pace to do even better in Fiscal 2012, which for us comes to an end next month.

We have unlocked growth at key customers by nurturing inclusive relationships and providing forward-thinking, business-building solutions. This growth contributed to 26 months of share increases and superior results compared to all key competitors. We were also named top supplier

from the LCBO, as well as Canada's largest restaurant chains, Boston Pizza and SirCorp.

And for the fourth year in a row, Diageo Canada was named one of the "Best Places to Work in Canada" by the Great Place to Work® Institute, an achievement I am especially proud of.

You don't get performance like that without very strong, very healthy relationships both inside the organization and between the organization and its business partners.

The business benefits of great relationships are matched – maybe even exceeded-- by the fundamental, personal benefits. Healthy relationships are the platform for personal growth through feedback; in an open, trusting relationship, your friends will tell you where you need to grow, as well as where you have grown. You can take

their word for it, because you know they are approaching you with positive intent and empathy.

Great relationships are also a source of energy and support as burdens are shared. You don't have to go it alone. You don't have to exhaust yourself by doing everything yourself. You can trust that the partner in your relationship will do her part because she wants to see you succeed as much as you want to see her succeed.

And then there's that last, really terrific part of a great relationship. It makes whatever journey you are on more fulfilling. I'm glad our programs for Dress for Success work so well to build our business and to help the beneficiaries of DFS. I'm even happier that Joi is my friend and that we are part of each other's life journey. I feel the same way about Sean, and my three new friends, Doug, Dave and Jeff. The journey just gets better the more friends that you have on it with you.

[Pause]

Thank you for being part of that journey, too, today. I appreciate this opportunity to share with other women leaders what we've learned at Diageo about the power that relationships have to drive great performance. As I said, it's a story that I hope will have you thinking differently about how your businesses run, not just how you manage your personal networking.

I hope we'll all have even more stories to tell of great relationships and great business performance the next time we meet because we'll all have mastered the secrets of great relationships: understanding and empathy, respect, trust and candor, and positive intent.

They do lead to great performance. But, for me, and even more important, they lead to a much richer, much more satisfying life journey.

Thank you.