

Peter Rall

# LION CULTURE

**THE COURAGE  
TO INVEST  
IN PEOPLE AND  
CULTURE**

Winner mentality  
as a successful  
corporate culture



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# Preface

The economy is currently facing one of its biggest transformations since industrialization – with digitalization, coping with climate change, and the consequences of the Ukraine crisis. In addition, companies around the world are engaging in a war for talent, a competition for the very best. Experts agree that companies with an intact corporate culture are better equipped to meet these challenges than others. “Lion Culture” describes how such a culture looks in practice, how it can be lived out in specific terms, what the prerequisites for it are, and what the pitfalls are.

This book provides entrepreneurs, executives, management trainees, and founders with an insight into the tools of a top manager in the consumer goods industry. Erhard Schöwel played a decisive role in ensuring that Benckiser – and later Reckitt Benckiser, a David of the consumer goods industry – advanced to face Goliaths such as Procter & Gamble. One of the company’s unique attributes was an ambitious growth culture to which everything else played second fiddle. Erhard Schöwel’s unconventional management style, which can best be summed up as “People and Culture,” was perfectly suited to this. He attributes the company’s success to the top management’s insistence on working exclusively with people, extending to middle management, who fit the culture. Management skills were less important in his method of selecting people. What was important was attitude. For Schöwel is convinced of one thing: Skills can be learned – but not attitude and spirit.

Schöwel’s corporate culture was a lion culture. Lions are hungry and feisty and always looking for success. Hiring employees with this spirit requires courage. After all, they do not shy away from confrontation and will sometimes even stand up to their boss. This winner mentality was indispensable for such a growth-oriented corporate culture to succeed, perfectly exemplifying Schöwel’s motto: Employees and corporate culture – People and Culture – have to form a coherent unit. This succeeds when the triad making up People and Culture is right: 1. Management that exemplifies a defined corporate culture and sets clear goals.

2. Employees who are treated fairly and with respect, who are committed to their work, who work independently, and who believe in the corporate culture. 3. Jointly determined implementation of the goals, which requires courage and a willingness to take risks on all sides.

“Lion Culture” employs many different practical examples to show how Schöwel implemented this recipe for success. Renowned top managers underscore why, in their view, there is no alternative to the People and Culture concept.

Bart Becht, former CEO of Reckitt Benckiser, describes the importance of employee freedom and entrepreneurship.

Marcello Bottoli, former President and CEO of Samsonite, Louis Vuitton Malletier, describes how important an open culture of dispute is for corporate success.

Joachim Faber, former Chairman of the Supervisory Board of Deutsche Börse, member of oversight committees of leading international companies and of the Government Commission on the German Corporate Governance Code, explains the duties and shortcomings of supervisory boards when it comes to developing a corporate culture.

Max Laemmle, founder and Executive Chairman of the Fraugster payment intelligence platform, investor in startups with his Berlin-based company Morphais, provides insight into the role a functioning corporate culture plays in the war for talent.

Elio Leoni Sceti, former Chairman of EMI, one of the world’s top four music companies, lists the difficulties experienced by a CEO who wants to impose a corporate culture from the outside.

Cheryl Potter, a partner at the private equity company Permira for 15 years and a supervisory board member at leading companies, explains how companies can ensure that the managers hired will fit the culture.

Thomas Tochtermann, Director Emeritus of McKinsey & Company, recalls how, when Reckitt and Benckiser merged to form Reckitt Benckiser, Benckiser's aggressive corporate culture took hold.

The book's focus is on the consumer goods industry. And yet, managing according to the principles of People and Culture leads to success in more than just the world of consumer goods. It is also a recipe for success in other industries and social sectors. This is clearly illustrated by examples of prominent representatives from the world of media, non-governmental organizations, sports, and politics.

In an interview, former national soccer coach Joachim Löw tells how this principle played a decisive role along the way to winning the World Cup.

Wolfgang Büchner, former editor-in-chief of the Deutsche Presseagentur, the news magazine Der Spiegel (print and online), and the Redaktionsnetzwerk Deutschland [Editorial Network of Germany], to name a few, takes a look at the culture of the digital media world, which requires a new type of journalist.

A close associate of Helmut Kohl, Johannes Neukirchen witnessed how the former Chancellor and CDU Chairman successfully conducted politics according to the principle of People and Culture.

Christoph Glaser, former board member of the BMW-affiliated Eberhard-von-Kuenheim Foundation, shows how the management principle of People and Culture can also guarantee success in NGOs.

As Erhard Schöwel's business partner, I have experienced how challenging but also how successful a competitive culture can be. That's why I encouraged him to take part in this book project. I'm sure his experience will be invaluable for future generations of managers as well.

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Auf der Grundlage der Allgemeinen Geschäftsbedingungen der Bank in ihrer jeweiligen Fassung wird der nachstehende Kontovertrag zwischen

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**Benckiser Ludwigs- und Ludwigshafen 1**

und **Staatsbank der DDR, Kreisfiliale Gera**

(Stempel der Bank)

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Ludwigshafen/Rh.

07.03.1990

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D-6700 Ludwigshafen/Rh. 1  
Vertretungsberechtigten des Kontoinhabers

Bestätigung\*

durch die übergeordnete Stelle Ludwigs- und Ludwigshafen

Ludwigshafen am Rhein

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\* Nichtzutreffendes streichen

Bauholz  
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### **Try it! Do it! Fix it!**

Gera District Branch of the GDR State Bank, early March 1990: A young man with a dark suit, dark hair, and a dark mustache enters the vast counter area at Humboldtstrasse 26. He is impressed by the imposing Gründerzeit building with its hand-painted glass ceiling and marble columns. His clothes and his Swabian accent clearly identify him as a visitor from the FRG, the GDR's abbreviation for the Federal Republic of Germany, frowned upon in the West. He has an unusual request: He wishes to open an account, which is a prerequisite for his company to directly supply consumer goods to the GDR. The employee at the counter reacts with consternation: an account for an FRG citizen? That has never been done. They do not have any directives for this. Direct deliveries of goods from the FRG are not allowed anyway. Remaining friendly, yet resolutely persistent, the visitor from the Federal Republic demands to see the director. The latter has already heard of the proposal, but Schöwel still has to convince him of its merit. He makes a succinct and unbureaucratic decision: "We'll do it."

On March 7, Erhard Schöwel, Managing Director of Benckiser Deutschland GmbH, signs one of the first account agreements between a West German company and the GDR State Bank after the fall of the Wall. The opening of the border happened just four months before. Hans Modrow of the PDS, the Party of Democratic Socialism, is still in power. The party had changed its name from SED, the Socialist Unity Party of Germany, after the Wall fell. The first free election to the Volkskammer, the GDR's parliament, will take place a few days later on March 18, 1990. The fact that the conservatives would win an overwhelming victory is far from certain at this point. The future economic relations of the two German states are as unclear as the future exchange rate of the D-mark and the GDR mark. The treaties on economic and monetary union will not be signed until May. Federal Minister of the Interior Wolfgang Schäuble and GDR State Secretary Günther Krause have not yet begun their negotiations on the Unification Treaty.

In the Federal Republic, experts are discussing whether the rapid introduction of monetary union with fixed exchange rates between the GDR mark and the D-mark will make any sort of economic sense at this time. One of the biggest skeptics is Oskar Lafontaine, an SPD politician and later the Federal Finance Minister.

Erhard Schöwel simply ignores the unclear economic and political situation. He acts according to his motto – Try it! Do it! Fix it! – and is successful. He recognizes the opportunity and seizes upon it like a center forward in soccer, his favorite sport. With his spontaneous decision to open an account, he paves the way for Benckiser to have one of the most successful financial years in the company's history. By acting quickly, Benckiser now has a several-month head start on the competition for selling its cleaning products.

Try it! Do it! Fix it! sums up Schöwel's understanding of management and growth-oriented corporate culture. It thrives on risk-taking, speed, a strict focus on success and competition, the courage to make unconventional decisions, and the willingness to go head-to-head to fight for the best ideas. But above all, it requires people who strive for and implement this corporate culture without reservation – top management that embodies the unconditional will to be better than the competition and employees who are likewise ambitious and competitive, who think and act independently. For him, this interaction between corporate culture and employees who think and act accordingly – People and Culture – is essential for corporate success.

He continues to pursue this principle in the years that follow as he makes a career for himself both at Benckiser and outside the company. Schöwel is a hidden champion among top managers in the consumer goods industry – better known in the Anglo-Saxon world than in Germany. What he means to Benckiser, and later to Reckitt Benckiser, is underscored by the company at his departure. A conference room is named after him – a rare form of recognition in the international corporate world. For 17 years, he has played an oversized role in the success story of Reckitt Benckiser. Both the company and the investors benefit from this, as the share price quadruples from £10 to £40 be-

tween 2000 and 2006 alone, the last year of his tenure. The medium-sized David in the health and household hygiene sectors thus thrusts its way into the group of Goliaths: Colgate, Henkel, Procter & Gamble, and Unilever. The growth rates of these industry giants are a far cry from what Reckitt Benckiser is enjoying at the time.

As the Executive Vice President for Europe, Schöwel is responsible for Pharmaceuticals, for Detergents and Cleaning Agents, and for the own brands. What is more, he is also responsible for Global Sales Management and thus for worldwide sales. His divisions generate more than 50 percent of the company's global earnings and contribute to more than 60 percent of its global profits. Indeed, as a member of the Management Board, he exerts a significant influence on the development of the company far beyond his area of responsibility.

Schöwel conducts meetings in a calm but resolute manner. Hands folded in front of his chin, leaning back in his chair, he listens, weighs the options, and then quickly zeroes in on solutions. Once he has made a decision, it is difficult to dissuade him from it. He rarely ever loses his composure. But when he does, it's explosive. There's a reason why teammates call him "Streetfighter" – not only in acknowledgment of his stature but also out of a great deal of respect.

When he is convinced of a cause, he fights doggedly, vociferously, not always in polite terms. It doesn't matter who is sitting across from him – whether it's the CEO, supervisory board members, teammates, friends, or relatives. He simply cannot stand poor quality and what he sees as weak arguments, neither at work nor privately. At such times, he is known to push the limits in his anger and rage. For example, by using drastic expressions to tell a close friend and business partner a few hours before giving a decisive presentation that he thinks it is completely wrong, that the audience will certainly fall asleep, and that the customer will probably cut and run. There are times when Schöwel crosses the line, such as when, after returning from the office in the evening, he mercilessly tears to shreds the school assignment of one of his children (who had invested a lot of time and was proud of it), insisting that it be written all over again.

In discussions, Schöwel is “challenging” – one of his favorite words. This is when his distinct memory for facts and especially for numbers serves him well. Anyone not as well versed in the subject as he is, will get shot through with arguments in machine-gun tempo. Defeats have only a marginal place in Schöwel’s world. This is true of his profession, discussions about his favorite topic (politics, where he also likes to outdo others with his assurance of facts), and soccer, where he is on the losing side more often than he would prefer with his favorite club – VfB Stuttgart.

Years later, one of his friends remembers with amazement how Schöwel introduced himself to his companion at a party, smiling and saying for no apparent reason that he was “a nice guy.” It is important to him to be seen that way. It fits Schöwel’s claim that, no matter the argument or discussion, he is perfectly able to sit down and enjoy a beer with his counterpart afterwards. It’s true that Schöwel almost never gets personal during an argument. But whoever is arguing with him has to be careful not to take it personally.

So in his management of Benckiser, then Reckitt Benckiser, and in the other companies in which Schöwel had a say in the following years, discussions were often rough and tumble. In retrospect, former team colleague Marcello Bottoli describes this as a “masculine discussion culture.” There are no female executives on board during this time. While it probably would have changed the manner of the discussion, its substance would still have been the same. After all, open discussions are indispensable in Schöwel’s understanding of People and Culture and an absolute must when it comes to making the best decisions for the company.

For Schöwel, this principle not only applies in business, by the way. For many years, he has been a member of the Supervisory Board of Phorms SE, a private state-approved school institution. What makes it special is its comprehensive German and English bilingualism. He sees many similarities between running a business enterprise and a private school. In the school, he measures success by the satisfaction of parents and students, who are regularly surveyed. Their positive

development is the prerequisite for a positive image. This ensures increasing student numbers, growing revenue, and moderate profits, enabling investments for maintaining quality and satisfying investors.

“Erhard Schöwel has a passion for clarity and decision-making,” says Carsten Breyde, describing his former Supervisory Board Chairman. As the Managing Director of Phorms SE, Breyde – like all other team members – has to accept Schöwel’s yardstick: What are the best decisions for corporate success? According to Breyde, that is at the heart of Schöwel’s corporate culture. Even in the midst of small talk about soccer in Hertha BSC Berlin’s stadium lounge, where Schöwel likes to invite friends and business partners, Breyde can hardly recall a time that was truly relaxed. Everyone knows that soccer can quickly be shoved aside if Schöwel brings a serious issue to the table. As the former Phorms Managing Director sees it, “In actuality, Schöwel is always on the lookout for good decisions, strategies, and insights.”

As Phorms Managing Director, Breyde often experiences that personal ties or sensitivities no longer play a role once Schöwel has decided on a direction. He always plays with an open hand and never leaves his counterpart in the dark about what he thinks when he identifies a weakness on the other side. “I always felt that Erhard was listening carefully to my statements and scrutinizing them for weaknesses, which of course they had. He tracks them down just as if he were feeling a spackled wall with the flat of his hand, looking for imperfections. He always finds at least one, and then I hear the comment, ‘Carsten, I don’t buy that.’” At Phorms, Breyde soon learns that “You simply can’t hide weaknesses. It’s better to show them and face the discussion.”

Breyde is right about that. For Schöwel, decisions are good when they drive growth. “How are the numbers?” is always the first and – for him – most important question he asks during meetings. Growth is his central management objective. This is the way the fast-paced consumer goods industry has shaped him. Schöwel himself exemplifies this idea of growth. According to the caption under his likeness outside the conference room in Slough, the company’s headquarters west of London, he has helped develop the company into what it is today.