consume P&G products; the communities all these people live in; and—oh yes—the people who happen to own Procter & Gamble common stock, and pretty soon the real question becomes:

Who on earth isn't a Procter & Gamble stakeholder?

Mr. Lafley makes no apologies for this expansive definition of his responsibilities. And he isn't particularly bothered when I suggest that it makes the CEO job sound like a global political role. "I've concluded I'm in it [the global political role] anyway, and I might as well deal with it."

A conversation with Mr. Lafley is a lesson in how dramatically CEO's like Mr. Lafley think it [the global political role] has changed.

It's not that shareholders don't matter. In fact, shareholders are more demanding than ever. Mr. Lafley recalls that in the 1980s and early 1990s, his predecessors John Smale and Ed Artzt would meet with analysts and investors "only once a year in Cincinnati, give a formal, tightly prepared presentation, and then take very few questions." In contrast, Mr. Lafley has frequent contacts with investors and analysts.

But the outside demands don't stop with the investors. Consumers, he says, are also more demanding. "We used to think we were just taking care of the consumer buying Tide," he says. But "this consumer is also a citizen, is also a member of the community." He or she may care about how P&G treats the animals it uses in tests, for instance, or the company's policies regarding global warming . . .

The problem with all this, as some critics see it, is that it distracts the CEO from his main job. "The shareholders hired the guy to be CEO and not Procter & Gamble's representative to the world," gripes Steven Milloy.

Mr. Milloy helps run a new group called the Free Enterprise Action Fund, a modest-sized mutual fund whose mission is to force CEOs to get back to basics and stop bowing to the agendas of activist groups.

On Friday, Mr. Milloy plans to be at the annual meeting of Goldman Sachs Group Inc., to complain about CEO Hank Paulson's conflict of interest in chairing the board of the Nature Conservancy, an environmental activist group. A few weeks later, he'll be on hand for General Electric Co.'s annual meeting, pushing a shareholder resolution that calls on the conglomerate to show the science behind its decision to embrace anti-global-warming measures.

"The role of these companies is to increase society's wealth by generating shareholder wealth," he [Mr. Milloy] says.

Mr. Lafley agrees that P&G's first job is to make money. Under his leadership, the company has done a good job of that. "If we aren't successful," he says, "we don't have a right to do the other stuff."

He says his definition of his job has evolved over time. "I came into this job in June of 2000, and my head was down for at least a year, year and a half, because the company was not performing well," he says. "Then when my head came up, all hell was breaking loose. We had Enron, WorldCom, Adelphia, Tyco."

That led him into a much broader "dialogue among stakeholders," he says. As he sees it, this is not an exercise of choice; it's a requirement of the job.

"Like it or not, we are in a global economy and a global political world," he says . . . "The responsibility is huge." (*Wall Street Journal,* March 29, 2006, p. A2)[1]