



**Interview with Paulo Pereira da Silva,
CEO of Renova**

JP: I'm particularly delighted to have with me the CEO of Renova, **Paulo Pereira da Silva**. Renova is a paper tissue manufacturer in Torres Novas, Portugal. You're going to say, what is paper tissue? Yes, that is toilet paper and I assure you, it is a very special kind of toilet paper and toilet paper brand, Renova.

Thank you so much for being on the show Paulo.

PP: My pleasure to be with you.

[01:02]

JP: Now, the listeners are going to be intrigued: toilet paper of a special kind. Can you tell us a little bit about Renova. What makes it special, and your relationship to this brand? I think your background is quite special.

PP: It's a very long story but I will try. My field is Physics. I studied Quantum Statistical Physics and that's the field I like and I still like to study a little bit on the weekends. It's a passion. But life sometimes can surprise us. I studied in Switzerland and when I finished my studies, I had an opportunity [do an internship at tissue maker Renova]. I think more than 30 years afterwards I am still [having this experience, not] being very sure if [Renova] is my place.

[01:53]

JP: Quantum Physics, did I hear that correctly?

PP: Yes. A little bit different from paper.

JP: So, how do you bridge this?

PP: I should say that physics is related to everything- to the world, to every single atom in nature but that is not a relation. I started in Renova, working as an Engineer. The production department of Renova just to know if I should stay in research or industry. I start to work with people, on the shop floor and in production. I love to work with people. That's my big pleasure in life. I like people. In some ways, it was a discovery.

I started in production. I spent 12 years on the production side. Ten years after, I was on the board of the company and since 1995, I am the CEO of the company.

[02:55]

JP: It seems that the company and the brand has gone through a similar discovery. It is a tissue maker but by now, it has become very human. I would say: very much part of the cultural tissue, if you'd like. Your product is going a lot beyond the material, isn't it? It involves design and it is actually becoming a very active participant in the art scene. Can you tell us a little bit about how this happens and why you're doing this?

PP: You know when I had been elected CEO of the company, for me, it was important to develop the company and so, the brand. Our strategy was to have a branded product and to develop Renova as a brand. For me, a brand is much, much more than what addition of atoms or molecules; ***a brand should interfere with people.*** We start this venture to build a brand and to try and have a global brand. It is still a big challenge for us. Not to think only in terms of fibers, of atoms, of molecules, of industry but try to work with the brand even if it is toilet paper.

[04:31]

JP: That must be a double challenge because [first] we're not talking about some hipster upstart in Brooklyn, but a company that has been around for quite a long time, right? And second, we're talking about an enormous commodity, I mean how much "lower can it get than toilet paper," I guess. Can you talk about those two challenges?

PP: It was my starting point. If you want sometimes I was - how can I say? - shy to work about the product, about my work, it was like a taboo. And for me, when I go to a supermarket; the shelves with toilet paper, with napkins, with kitchen rolls are the most boring shelves. But it shouldn't be like that, it was little bit a challenge to change that, to reinvent the product in a way that people could hate the product, could love the product, but to have an opinion about it.

That was our work. We start with the product, of course we have to have very good products, very different products. We have to advertise the products in a different way. It's a question of culture, of a community inside this country. We

are in Portugal, we are not in a big town, we are in a small town. We have a river, Almonda River, inside our company. So very much related to water, to nature, and we build around some kind of a culture. Very well motivated people that start to love the brand we are working with. Usually, we don't bring people from other companies to our company. We like to build our own culture, and to share it with lots of crowds, and the outside world.

JP: And it started with, I think, the paper became colored then it got into beautiful rolls that were minimalistic, modern design. Now you have toilet rolls that are in, I would call them oversized yogurt cups. Is this still the engineers or have you hired artists? Is there a community of both working together? How does creativity in paper tissue happen?

PP: You know, that is my passion and I think that's the source of our differentiation as a brand. Of course, we have very good engineers. We learned a lot about textiles and other industries. The other side, we have to advertise. ***We have to build products that could surprise our clients. I don't like the word consumers; we talk always about citizens and not consumers.***

As a source of inspiration for me: artists, travels, different people from our engineers are very important. But it's like speaking different languages and that was a problem. On the other side, ***I didn't want to have artists inside Renova, like in a jail, working for creativity. For me, it doesn't work like that. I want inspiration from different people, but from people outside the company that we have to bring inside. They must be in freedom,*** doing what they are doing all over the world.

So, I start to develop here a small department. Each one of the people that work in the department, they must be very creative. They must be like a child in some ways. They shouldn't accept the world as it is. They should like to construct all the concepts, everything thing we know for sure. On the other side, they must have very eye precision skills. Every person in this department, a very small department must be like an artist but also like an engineer.

I found such people in the, you say, hard sciences: mathematicians, physicists. They are very different people. They are very open to the world, to the creativity. They don't like to see the world as the common person; they like to destroy every concept, like a child. But at the same time, they are good to speak with artists but they are also very good to speak with engineers because

they think like mathematicians and physicists. They say that engineers are not enough precise. They are very good for both sides.

This group, for me, is like a reactor of root concepts, inside the company and outside the company. I believe a lot in networks. I see the world as a super position of networks. ***We have to be reached with the network of every person that works at Renova. But also, with all the fans of the brand, people that are giving us ideas, like you and your books.*** Those guys in this department, what they do is they collect, in a very very informal way, concepts and ideas that are everywhere: inside and outside the company. And for me, there are so many, so many, so many ideas, so many talents all over the world. It's important just to attract this talent. It's to, in some way, to the clients some ideas from other business to our business. It's how we get new products.

[10:33]

JP: It sounds like they are bridge between the outside world, which you want to not interfere with and you don't want to put in a box. And your engineering group at the inside, they are the bridge between the two?

PP: Yes, but they are there also physically because I put them in a very big warehouse. They are in the center of that warehouse with some coffee machines around. Around them, I must have some people from all departments of Renova. ***I want that people take coffee with them, to visit them if they have an idea, to start to communicate that idea, because sometimes just if you ask someone to write an e-mail with the new idea you are creating a filter.*** I have to write this e-mail, I have this idea, I will write that e-mail. This one I will write tomorrow. Tomorrow, perhaps I forget it. Today, I have another thing. I want that people communicate in a very formal and very quick way and sometimes the ideas, we don't know where the ideas start. A snowball is starting to build this idea, this concept. If it grows a lot in a biologic way, the idea will reach my office very very fast. I am not very far from there.

[11:58]

JP: It sounds like a breeding ground for creativity. If somebody was to step back you might say a lot of this creativity, a lot of this thinking probably goes way beyond engineering a better paper tissue. I was reading about your, "Lovers of the River Almonda" art installation in Toronto. I have to read this

out: It says in the newspaper “it’s an interactive, participatory art installation where lovers can photograph themselves within an artificial tableau of the riverbank made of toilet paper.” That goes beyond the job of a toilet paper. What is the thinking behind doing all of this?

PP: You know, just to tell you a small story. When we launched bright colored paper, it changed our company a lot in the industry because it gives us in some ways legitimacy in the business. I had all the journalists were asking me, “Why did you launch such a product? Why? Why? Why?” ***I was a little bit surprised with the question and all the time trying to have a rational answer for that question “Why”. And my answer and sometimes I start to say, “Why Not?”*** In our very big campaign inside the company, we have put in very big letters with a quote from [unsure: 13:30], “Why Not?” Why do we have to do everything the same way everyday?

[13:35]

JP: To me, that might be part of the higher mission for Renova, which is why accept that so much of our life is mundane and passes by without reflection or at minimum without enjoying life. And so maybe Renova’s mission is to make life more beautiful, make life more engaging. Even in areas, no pun intended, that you would exclude usually from your life. It would be a wasted part of your life. And so, you’re a part of something much bigger than just providing utilitarian benefit to the people you don’t want to call consumers for that same reason.

PP: Exactly. But you know, you told it in such a perfect way, I have nothing to add.

You have been great! I am amazed, the way you understood the brand. ***We are dealing with normal products, consumer products but they don’t have to be boring. If people can have a smile, a pleasure even with toilet paper. It’s great.*** Life is so hard sometimes, but life is worth living. If you can add some contribution for that with our toilet paper, I would be more than happy.

[15:08]

JP: It sounds like a lot of what you do, you and the organization do, comes from intuition and passion and you might only be able to rationalize it later in the way we currently do. And a lot of your feeling in terms of, for example,

not liking the word consumer, which we find a lot among the people we talk about. They are very uncomfortable with this concept of consumption and selling, and we call it the art of the unselling. You do a lot of that. I think you haven't run a TV ad in a couple of years. Can you talk a little bit about what kind of things you do, and what kind of reactions you want to steer with that?

PP: You know... You understood it quite well. I don't like the word consumers but I like that people interfere with our brand, more than do a video in television. I should like it that people take selfies with our products and share it with their networks. I like that people have pleasure with our products, that they love our products. When I became CEO of Renova, all my background was in industry. So I was learning in the commercial side of the company, if I can call it like that, and I start to ask questions about advertising, about branding. You know, sometimes I like some artists. Perhaps one of my first campaigns, it has been done with Peter Lindbergh. It was for television and it was black and white, it was very different.

After I start to choose young artists and we have done some art projects- or advertising. But I call it art projects. In some way it seems to make sense, I ask an artist to do a project for us. But he should do it in all freedom of creativity, you know? Perhaps in the Sistine Chapel, the Pope asks to do, I don't know- the Last Judgment but Michael-Angelo had the freedom to do whatever he wants. That's the way I like advertising with artists. I chose an artist because I like his work. That like if it was a commission from Renova.

JP: You were talking earlier about selfies I found on the Internet that you have quite the community. A community of people but also of influencers. The Press likes you a lot. You have tons and tons of business school case studies and journalists who are following you around. Renova is kind of the toilet paper superstar; in fact, there is probably no other toilet paper that would have this kind of level of stardom.

PP: Let me just tell you one thing about that. That's true. *That is a lot about intuition, about our way, our adventure because we love it.* It is very very

funny, because you have tons and tons and tons of papers from Harvard, INSEAD, etc. Very big schools where people study what we are doing and sometimes it is very funny to read all the rationales after and to write the story before.

JP: It's called 'post-rationalization'. But what I wanted to get at was, I am sure you have some kind of community....

PP: That community is fantastic. Our fans, they are quite different, they different from one culture to the other. But I will not to pretend to understand exactly what it is, that way I will be lost. If they are academics that want to do it, I love that but the actual world is very complex. You can have all the big scholars and everything but in this complex world, it is a very fluid world.

If we make a mistake, they will tell us [our community]. Once we have done a small video, for the Internet. A very very small video and they think that that was not a surprise that it was similar to one that has been done before. They complain a lot. They gave us an enormous amount of pressure to be coherent, to stick to our DNA, to surprise them. We are inspiring and they are inspiring us. It's a two-way relationship but with very different people. There I agree a lot with you. We try to manage all those networks in a different way. Sometimes we are doing a lot of things for very big towns, 'urban archipelago'. We have a strategy for 'urban archipelagos'. And that's very different from our strategy, for instance, for French regional retailers, that are huge.

In some ways, it's always our DNA, but we must communicate in different layers. It's not possible to be exactly the same to everybody, because for that, we have to put lots of money like big consumer product companies in advertising, to have everywhere the same product. We try to work in exactly a different way. We talk about personalization. We are doing a lot in that we are investing a lot into personalization.

[21:02]

JP: That's interesting because it almost counter-intuitive to me. You say, "we cannot afford to be like the big brands, to have the same message everywhere, and to pump big dollars into marketing." It seems to me, that working both: the mass world of supermarket and the long-tale world of museum designer stores in South Korea - I heard you just got distribution there - or

even the individual, one-on-one product making on the Internet... Trying to balance both, must be even more complex and more difficult. How are you able to handle that?

PP: As a physicist, I love complexity. *I hate a very predictable world. Nature is not like that, nature is very complicated. I think we must start to love complexity. It makes part of life, it makes part of business.*

We just launched a Christmas package, and it costs 30 Euros. That we send to the houses of people directly, very quickly. In Europe, if you talk to a retailer, 30 Euros of toilet paper is enormous. You know, sometimes we have to look to the world in a different way because if I propose that pack to one of my clients in the supermarket they will say: 'No, it's too much'. Sometimes we are doing directly but to see, and it works with not too much people.

[Background Noise on Paulo's end of the line]

I am sorry because it is a warehouse.

JP: I see, because there is a big interference, here.

PP: Mario has asked them to be quiet...

[22:55]

JP: So, you're located very close to the warehouse as well? Not only from the thinking center, but also the making center?

PP: You know, the headquarters of our company are inside the original factory of Renova. It is a very old factory where we have inside the factory, the source of Almonda River.

JP: Inside the building is the source of the river?

PP: Yes. *The factory has been built around the source of the river. So, it's our river in some way and it's very related to our soul.* Very related to water, to nature, and our headquarters are here. We are changing these buildings like a start-up office in New York. People are quite amazed the way we work. We

have a lot of young people coming from different countries that are working here in this building. Even with Lofts, where they can live inside. It's a little bit crazy.

[24:00]

JP: It sounds like a mythical place. You know, to have the source of a river inside the center of your company...

PP: It is! ... And with lots of stories because you have some caves, very big caves at the source of the river. Some universities they are doing stereological studies in the caves. Diving inside the caves. They found human bones inside thousands and thousands of years old. It's a special place.

It gives us a lot of personality.

JP: And as all things mythical they make us digress... I wanted to get back, though, to the supermarket, the design store challenge, because you are creating magic.

How are you able to have a brand that is allowed to exist and be respected in both? Usually the designer store would say: no, thank you if you are in the supermarket. The supermarket will struggle with what you said earlier, an intellectual toilet paper that wants to sell itself for thirty-five dollars or thirty Euros. How are you able to create this enormous bridge?

PP: It is not easy but we have very different products and are the same brand. I think all the old concepts are changing. You can't have a Mercedes car that is not expensive nowadays. Or in H&M, you have every year designers that are doing something for H&M. I think more and more the concepts are changing. I don't like to put a label in people about income or social class or something like that because almost everybody goes everywhere. But of course, we have to be very careful not to purpose the same products in the same places. There are some things that do not work in one place.

[26:13]

JP: In spirit, it is still trying to be the best product for you [the customer]. Maybe that is what's holding it together and it doesn't matter at which

spending level and which retail environment you encounter it. It's true to itself.

PP: That's absolutely true. You should not discriminate people.

JP: And so, the obvious discrimination that is sometimes happening, the concept of: Basic, Better, Best, Deluxe... Maybe that actually achieves the opposite because it makes the brand look like it is obviously discriminating.

PP: Yes, I agree with you.

[26: 58]

JP: I don't want to put words in your mouth, but I'm just thinking out loud. I have two final questions, if you have just five more minutes. How do you approach growth as a CEO of such a company and what's your way of growing and what makes you happy in terms of growth?

PP: I don't know if I should tell you the truth or not. You know..., I am totally unhappy because we should grow and I think we will grow much more. But we are talking about the brand. It's very easy to grow in our industry of our product doing private label [product]. If you are in Portugal, a country with 10 million people and you are trying to globalize that brand with your own resources, you must be very careful. *I don't want to lose our strategy* and that means that also financially I must be able to decide about our future. *I don't want to be in the hands of the banks; investors that, at the end of the day, will decide about our future.*

So I prefer to have growth that is quite slow but congruent with our strategy. Nevertheless, we are investing a lot in this moment here because we have doubled capacity. We are building a new factory in France. So we are increasing a lot, our capacity.

JP: If I was a Goldman Sachs analyst, would I be right to say then that you are growing at least in line with the industry. If you're building factories, it would seem to me that your growth rate at least, maybe not your absolute size, but your growth rate might be above that of an industry that is probably quite mature.

PP: Our growth rate is much bigger than the industry.

[29: 04]

JP: Okay, so that's what I wanted to confirm without asking you for numbers. So, while you're dissatisfied, other people in the industry would be jealous of your growth rates at least.

PP: Because we are quite small.

JP: But with the kind of price points you have, you might not be struggling for margin either.

PP: Yes, yes that is true. Our margins are...

JP: Are good. Okay, I don't want to.... I know how sensitive this is. Let's keep it at that.

PP: It's not a problem. You can ask me anything. It's no problem.

JP: Couldn't Renova be much more than paper tissue?

PP: That's a very nice question. I should say, yes. Perhaps very soon I will surprise you.

JP: And I very much expect that. That is something we find at what point a brand that is able to create meaning beyond the material is able to go beyond the borders of that definition.

With that, just a few words on your headquarters. Are they as fantastic as everyone writes about? What makes them special?

PP: The biggest part for me, I think is the people. They are special because you have your living community of very passionate people. In many, many ways we try to work differently.

JP: And they live, some of them live at the factory and you said they come to you from around the world?

PP: Yes.

JP: So, what do you think attracts them to come and join a tissue factory in the middle of rural Portugal?

PP: I think it is the experience. Perhaps they studied abroad in university, if they come from management, or from marketing and things like that. If you want, I had a young French guy that worked for me for 18 years here but now is an important guy in Tokyo.

JP: I can imagine that. I can absolutely see that. So, you're a magnet actually for the business scholars and the marketing scholars and an inspiration.

To close this podcast. If people want to connect with Renova, where should they go to?

PP: Many people are getting to us through social networks. I receive many messages every day through Facebook or through Twitter. And I love, I love to receive, how can I say?, "feelings" from the fans. Sometimes there is some confusion between the brand and myself, as the face of the brand.

JP: I can fully understand that. When I met you in New York you were saying you're being solicited so often, it explodes your calendar when we were talking about a podcast.

All the more, thank you so much for sharing your time, insights, and wisdom. This has really been incredible.



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