

THE ECONOMIC TIMES



IN A FREEWHEELING INTERVIEW TO ET, PEPSICO CHAIRMAN INDRA NOOYI TALKS ABOUT MOTHERHOOD, PEPSICO & RETAINING TALENT

ET EXCLUSIVE

PERFORMER WITH PURPOSE

Nooyi Keen To Leave Mark On Society

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NEW YORK

WHEN life is all about motherhood and Pepsi, not apple pie, things are bound to get hyper. Especially when you're Indra Nooyi. Indeed, the only niggle Ms Nooyi seems to have as she completes her first year as PepsiCo chairman and CEO on October 2 is on the home front. "We live in the same house, yet my 14-year-old daughter sent an email requesting an appointment as she felt it was the only way she could meet me. It shook me up," she recounts.

Yes, motherhood's never easy, but Ms Nooyi certainly exuded an air of quiet satisfaction about the PepsiCo part of her life in an exclusive 30-minute chat with ET at the Yale Club in New York. "Our stock price is at an all-time high. Our financial performance has been good," she said.

On September 21, PepsiCo's stock price closed at an all-time high of \$71.44.

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Retaining & cherishing talent very important

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Throughout 2007, the company has continued to show growth in volume, net revenue, total operating profit, net income and EPS. PepsiCo even raised its EPS guidance mid-year.

Retaining talent and cherishing people are the pillars of Ms Nooyi's strategy. "In today's world, where there is a war for talent, bringing people in is important, but retaining them is even more important," she says. "On a personal level, I go out of the way to thank people for all the good they are doing. And not just them, their spouses too."

Recently, a PepsiCo employee was offered another job. Since he was a very talented worker and it was a senior position, Ms Nooyi wasn't surprised the person had been spotted by another company. Eventually, he decided not to go. What swung it was that the PepsiCo senior management made him feel really valued.

"It's not that the senior management of PepsiCo are uniquely sensitive and brilliant people (though of course they are), it's that you should never wait until somebody is ready to say goodbye to tell them how much you value them," she says.

But what really excites Ms Nooyi is the "performance with purpose" operating philosophy that she is implementing in the company. "How can we do better in the company by doing better for the world. How can we leave an impact on society — we want to show that performance and purpose are not contradictory," she says.

In a recent speech at Miami, Ms Nooyi traced the root of what she was attempting to do, to a personal anecdote. "After the long journey of my life, I'd like to go back to that kitchen table in Madras all those years ago when my mother would ask us what we would do to change the

world. I'd say I wanted to lead a company that was a force for good in the world. A company that did 100% of what it can do; a company that helped define good business for the 21st Century."

A key plank of this strategy revolves around building a balanced product portfolio, launching more nutritious products, and making its existing 'fun for you' product healthier. "Within the next 10 years, globally our 'good for you' products (e.g. orange juice) and 'better for you' products (e.g. Diet Pepsi) will account for 50% of our product portfolio, with the 'fun for you' products (e.g. Pepsi) accounting for the remaining 50%," she says.

At present, 'fun for you' products account for 70% of the company's portfolio, and their share will fall even as sales continue to rise. During the year, all potato chip brands converted to sunflower oil in the US, eliminating almost 50% saturated fats. "A lot of innovation and R&D is going into these products. We are testing several 'good for you' products," says Ms Nooyi.

With environment sustainability an important component of the "performance with purpose" strategy, PepsiCo has decided to replenish whatever it takes from the environment. "We're going to reduce our water usage and move more rapidly towards the ideal of 'net zero' — for every litre of water needed to make our products, we'll return a litre to the water supply," says Ms Nooyi.

The company has set substantive goals to continue the company's historical reduction of water-use toward an ideal net zero, roll back greenhouse gas emissions as the company grows, continue packaging light-weighting and recycling while identifying bio-degradable solutions.

If only motherhood could be made easier with such clearcut strategies and vision!