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PepsiCo Rejigs Biz Model in India to Tap 'Power of One'

Brings foods & beverages units under one roof; CEOs of the divisions to take up int'l assignments

Sweeping Changes

- ▶ **New hierarchy** at PepsiCo clubs beverages and foods units into single entity
- ▶ **Marketing, HR, Finance, Legal, Corp Affairs and R&D** depts to report to common heads
- ▶ **Current CEOs** of beverages and foods, **Gautham Mukkavilli** and **Praveen Someshwar**, are moving to take up international assignments within PepsiCo
- ▶ **Someshwar** is moving to PepsiCo Hong Kong as senior VP & GM, North Asia and Philippines
- ▶ **Mukkavilli** will also take on an Asia-Pacific role as senior VP, business transformation, but will be based in Gurgaon
- ▶ **Pratik Pota**, CEO of PepsiCo's JV with the Tata group NourishCo, has been named VP and COO of the bottling operations
- ▶ **Samudra Bhattacharya** has been reassigned as vice-president and COO of franchisee bottling



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PepsiCo India has made sweeping changes in its senior leadership structure, part of the beverage and snacks maker's push to become more aggressive in the market as it battles Coca-Cola in soft drinks and ITC and Parle in foods. The new hierarchy clubs beverages and foods into an integrated entity, with functions of marketing, operations, HR, finance, legal, corporate affairs and R&D being brought together under common heads. Three chief operating officers heading foods, company-owned bottling and franchisee bottling, respectively, will report directly to D Shivakumar, who took over as chairman and CEO in December.

"The structure makes the organisation more responsive, quicker on decision making and more competitive," Shivakumar told ET.

Internally, the structure is changing from a business unit based organisation to an integrated 'power of one' function—a strategy led by global chairman Indra Nooyi. Key global markets such as Russia and China follow this model.

Besides taking on competition, the company is battling growth slowing across foods and beverages, fluctuating weather conditions that make market behaviour unpredictable and consumers turning to healthier foods and drinks. The parent firm announced last year that it would invest ₹33,000 crore in India by 2020 as it looks to the country to pick up the slack as sales slow elsewhere.

Both the current CEOs of beverages and foods, Gautham Mukkavilli and Praveen Someshwar, are moving to take up international assignments within PepsiCo. It had been speculated that one of them would take over from former chairman Manu Anand, who quit the company abruptly last summer to join Mondelez International. Nooyi pulled off a surprise by picking Shivakumar, former Nokia India MD and senior vice president for India, Middle East and Africa.

Someshwar is moving to PepsiCo Hong Kong as senior VP and general manager, North Asia and the Philippines as well as Asia-Pacific regional sales. Mukkavilli will take on an Asia-Pacific role as senior vice-president, business transformation, but will be based in Gurgaon.

Pratik Pota, who's been with the company for more than eight years and is CEO of PepsiCo's JV with the Tata group NourishCo, has been named vice-president and COO of the company's bottling operations. Samudra Bhattacharya, another company veteran, has been reassigned as VP and COO of franchisee bottling.

Foods will be headed by vice-president and COO Partho Chakrabarti, now VP and GM of Pepsi-Cola Products Philippines. He has been with PepsiCo for 19 years, the company said. Meanwhile, Deepika Warrior, marketing for beverages since mid-2010, will oversee marketing for foods as well. Sudipto Mozumdar, general manager for the value foods division under Lehar, has been named senior director, customer development, of both foods and beverages. Another company veteran of

20 years, Kanish Malik, will be vice-president, technical operations of both arms.

Rival Coca-Cola had announced a reorganisation in the middle of last year that was also aimed at cutting out reporting layers. The changes at PepsiCo will be fully in place by March 1, the company said. "Clearer functional reporting will facilitate best practice sharing with more collaboration in the region," Shivakumar said. PepsiCo has to brace itself for stiff competition, said a former PepsiCo executive. "While in beverages, Coca-Cola has planned big investments in India, foods is getting increasingly fragmented. Quicker decision making is needed," the person said. "The move is in the right direction."

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