

# THE ECONOMIC TIMES

## PepsiCo takes a sip of India from dabbawalas

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NEW DELHI

CHANCES are slim that Mahadeo Havaji Bachche would have figured out the number of zeroes in a billion.

Yet on Thursday, the modern day representatives of the movement he spawned in the 1890s were at the Taj Mahal hotel in Mumbai, lecturing the board of directors of the \$43-billion PepsiCo on how to achieve 99.99% accuracy while delivering 200,000 lunch boxes to the city's office goers every day.

Mumbai's dabbawalas, whose monthly take home salary of around \$80 is arguably less than what an average American spends on Pepsi a month, may have taught a thing or two in Six Sigma process efficiency and supply chain management to the 11-member PepsiCo board, among them Novartis AG chairman & CEO Daniel Vasella and Colgate-

Palmolive president & CEO Ian M Cook.

The presentation was the brainchild of the New York-based company's India-born global chairman and CEO Indra Nooyi, who wanted to the showcase "the glory of India and its issues so that the board members could propose solutions".

After the dabbawalas was Ratan Tata, with his talk on exploiting bottom-of-the-pyramid opportunities and with his most powerful slide: The \$2000 Nano. The world's cheapest car was on display for the PepsiCo board, which held its board meeting in Mumbai, the second time ever it has done so outside the US.

PepsiCo now counts India among its top three global markets and classifies it as a "region", which enables faster decisions and greater resource allocation.

Azim Premji, who converted a vegetable oil company into India's third largest and a globally

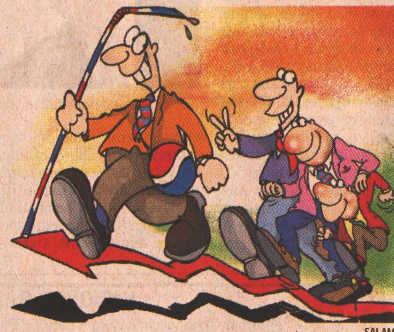
known IT services company, addressed the board on the values and cultural changes that his company and the larger technology sector had brought about in India.

Premji, whose group's FMCG arm recently bought the 200-year-old UK brand Yardley, detailed lessons that can be learned from the Wipro story.

It was not just all about business. Nooyi's vision was to give her colleagues an 'India immersion programme', a blend of culture, politics, economy, growth prospects and insights into India.

How politics affects business was dwelt upon by eminent historian and author Ramachandra Guha who drew examples from his 'India After Gandhi' to show how the Indian democracy has been a great success.

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PEPSICO, which set up shop in India two decades ago, is partaking this success. Its Indian business posted a record 50% volume growth in the July-September quarter — the highest among all its markets. In January this year, it integrated beverages and snacks businesses in the country under a common leadership, in line with Ms Nooyi's 'power of one' strategy followed in many world markets.

The company has already announced investments of Rs 1,000 crore (\$220 million) in its beverages business this calendar to step up manufacturing capacity, market infrastructure, supply chain, product innovations and research & development. The investment, PepsiCo India's biggest in a single year in the beverages arm, is part of the company's \$500-million investment allocated for India over three years. It has 41 bottling plants in the country.