

News monitored for: Pepsi - Corporate

THE ECONOMIC TIMES



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World Inc Caught in a Leadership Crisis

CEO needs to be super-visible & communicate during crisis time: Indra Nooyi

This complex world feels out of control ...Exotic financial instruments introduced complexity into markets which got way ahead of the understanding of regulators. Consumer demand changes in a heartbeat, trust in established brands and institutions has diminished

INDRA NOOYI
Chairman & CEO, PepsiCo

RATNA BHUSHAN
NEW DELHI

The world is living in a crisis of leadership and expectations, Indra Nooyi, chairman and CEO of PepsiCo Inc, said Thursday. "This complex world feels out of control... Consumer demand changes in a heartbeat, trust in established brands and institutions has diminished, and this is the era of negative uncertainty," Nooyi, one of the most powerful CEOs in the world, told the AdAsia conference.

Her sobering comments come at a time when global manufacturing activity is slowing, Europe is on the brink of a recession as it struggles to get out of a debt crisis, unemployment rates are soaring in the US and demand has contracted in Asia.

Dressed in a burnt orange dress and a black jacket, Nooyi didn't mince words in front of a packed auditorium when she took the stage to wrap up the three-day advertising jamboree. The crowd listened in rapt attention when she said responsibility has gone missing at the top of some famous firms. "One of the great tasks of leadership is to prepare for events — on any measure, leadership has failed that test."

A CEO needs to be super-visible and communicate all the time when the world has not experienced

Nooyi's Formula to Stay Afloat

ADAPT to the new reality

LEAD for today and tomorrow at the same time

MAKE big changes to big things

ATTRACT and develop the right talent, this is the most important leadership task

BE super-visible as a leader. You need to communicate all the time



Photo: AMRENDRA

this kind of volatility in decades, she said. Nooyi said the 'crisis of leadership' was compounded by a simultaneous crisis of governance and accountability. "Nobody said stop when bad practice was developing. Governance failed and it failed badly. The result of poor leadership and even worse governance is that we are now experiencing a severe crisis of expectations," she said. "Businesses, regulators and governments are now unsure what success looks like."

Even though PepsiCo beat street expectations to post 13% growth in revenues in the third quarter, Nooyi avoided any pep talk about India and its potential that most global CEOs usually give—a reminder about the grim reality.

On a visit that lasted barely a few hours, she said the legacy of a brand or the long relationship that brands enjoyed are in question today and very solid foundations of the past have gone. Cost structures are being shaken by high commodity prices and top lines are being threatened by weak economies, she said.

Nooyi said she used to see lists of fastest growing brands, but in the past few years she has started reading about "10 brands that may disappear this year."

"Competition is more severe than ever. There could be a business model around the corner that renders ours obsolete," she said.

The PepsiCo chief said businesses need to make big changes, not take small steps, to overcome the many challenges brands face. "The clever practices of low cost countries are brought to places where costs are higher," Nooyi said.