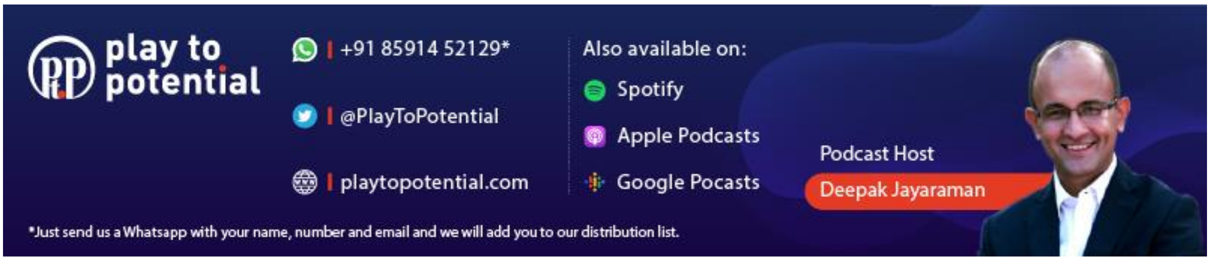

Guest

Sudhir Sitapati is currently Executive Director, Foods and Refreshments at Hindustan Unilever Limited (HUL). He has just published his first book - The CEO Factory, published by Juggernaut Books.

I have had the privilege of knowing him for the last 22 years right from the day we joined IIM Ahmedabad in the summer of 1997. This podcast conversation is special for a few reasons. 1) It is the first time I am interviewing a friend on the podcast 2) It is the first time two siblings have been on a podcast (I had interviewed Sudhir's brother Vinay on his book Half Lion a while back). 3) Sudhir speaks about Prof AK Jain of IIMA in the book and in the podcast. I had the fortune of being taught by Prof Jain and happened to interview him in the context of a felicitation function we had organised last year. You can find my interview with Prof AK Jain here.

In this conversation, Sudhir and I spoke about various elements of his book - The CEO Factory. We spoke about a range of topics including how HUL looks for talent and thinks about career planning, the importance of having an HR function with teeth, how it breeds Entrepreneurial Professionalism, the distinction between core competence and competitive advantage, unlocking the value of mavericks, the secret sauce behind the culture and how that gets propagated and much more. I also happened to shoot this conversation in a video format. If you prefer that, please see our interview here.

Context to the conversation

Welcome to the 51st conversation at the Play to Potential Podcast. This is your host Deepak Jayaraman here. I am an Executive Coach and I work with Leaders during high stakes transitions – whether it is related to an organization or the Leader's career. I feel just like companies need to be coherent about the 2 questions – where to play and how to win in the context of their strategy, we all need to be clear about our responses to the two questions – where to go and how to grow – as we go through our journeys. I help leaders play to their unique potential by addressing those two questions especially during key points of transition.

In this podcast series, I talk to leaders from multiple domains (CEOs, Sportsmen, Artists, and Thought Leaders) on three broad themes – Leadership, Transitions and Careers.

This conversation is special because I am interviewing a dear friend of mine for the last 22 odd years Sudhir Sitapati. Sudhir and I were classmates, section mates rather in IIM Ahmedabad. He was one of the only people in the batch who had a razor-sharp focus on the fact that he wanted to do Marketing and join HUL from Day 1. Given I have had a time-trend view of his journey; it was great to catch up with him to speak about the secret sauce behind HUL.

We speak at length about various elements of the book The CEO factory published by Juggernaut Books. While in the book he speaks about various elements of business, I kept this conversation focused around three themes that I am curious about in this podcast – Leadership, Transitions and Careers. Without further ado, let's dive into my conversation with Sudhir Sitapati.

Transcription

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Deepak Jayaraman (DJ): Sudhir, congratulations on the book.

Sudhir Sitapati (SS): Hey thanks DJ.

DJ: CEO Factory and thanks for making time for the Play to Potential podcast.

SS: My pleasure.

DJ: Before we dive into the book Sudhir, you share some stunning statistics that you talk about over a 60-year period where the economy multiplied 1400x but HUL earnings multiplied 6000x. Before we study HUL's let's say secret sauce, give us a sense of why we should study it, give us a significance of the journey.

SS: HUL DJ is quite a remarkable company. There are many remarkable statistics about HUL. One of them, which a lot of people find fascinating, is 9 out of 10 Indians, which is close to 1.15 or 1.2 billion Indians use an HUL product every month. That's more than, forget Google or Facebook, it's more than electricity, it's more than voting, it's more than people who have access to roads. So, there are very, very few things in India, which will unify people as much as their usage of an HUL product, which is always worth remembering. But the other really interesting thing about HUL is a very old company. It was really formed 125 years ago, but in its current form in 1958 and when I looked at the annual report of HUL in 1958, I saw that our profits were a crore. In the period of 60 years, the company has grown 6,000 times, which is a 15% earning CAGR over six decades. Lots of companies have spectacular 10-year records of doubling trebling etc. but it's very hard to consistently grow earnings 15%. So, you know, in terms of the financial performance and in the late 50s when it was formed it was a top five company in India. In 1986, when the Sensex was formed, it was the fourth-largest company in terms of market cap and today it's the fourth-largest company in terms of market cap. So, maybe with the exception of General Electric there are very few companies that have been top of the game for a 60-year period, which actually counts for a lot. It kind of means that the vicissitudes of various external changes notwithstanding this kind of company has motored on. And then there are other remarkable statistics about HUL. It's well-known as a CEO Factory; last when we counted, we were able to count 400 CEOs or CXOs who are from Unilever. Over the last decade AC Nielsen has a dream employer of the year in the top 20 MBA schools and I think in 8 of those 10 years HUL has been No.1. For example, the return on capital investor, which is a really good measure of how efficient a company is, HUL has close to 100% ROC. Even the CPG averages and CPG already returns capital very well is in the 30s. So, whether you look at long term metrics, short term metrics, consumer metrics, human metrics, and then there is this qualitative thing about because HUL has been around so long the HUL style of management has permeated many companies in India. So, you may not know it but there are parts as I discovered I was telling you when I was working with my publisher that many parts of HUL are there in many parts of corporate India. So, I guess that's why I think it's an important company worth being studied.

DJ: Lovely. And when you say 400 is it Unilever or HUL?

SS: HUL.

DJ: Oh, that's a stunning statistic. And yeah in my past life as a search consultant, I guess I did some of those placements as well, but I want to take you back in time Sudhir, close to two decades back when we were in IIMA and you referred to Professor A K Jain and the book and we were in the same section and we witnessed some of his marketing genius. You speak about getting the problem right, problem definition right. Talk to us a little bit about what you mean by that in the context of business and marketing but maybe if you could also reflect a little bit on how you have applied that in your journey.

SS: DJ the… HUL and IIMA firstly have a very, very, and I realized this only when I was researching the book, a very, very deep relationship. So, P L Tandon who was our first Indian Chairman and one of the founders along with Ravi Matthai of IIMA, so he was right up there. And the person who is credited along with Professor A K Jain of building the marketing faculty in IIM Ahmedabad is Labdhi Bhandari who a lot of people … he was an HUL Brand Manager. So, in marketing in some ways the IIMA way of thinking and the HUL way of thinking as I've realized having been to both are very similar and at the heart of it is problem definition. It's always more difficult to define a problem than to solve it and you can always get people to solve problems and a lot of our time in our education a lot of us try and focus on being problem solvers, but the difficult thing is to, you know, as Professor Jain used to say what is the problem and I guess that's the big learning. If you ask me that what's the big learning in marketing is you got to keep asking that question what's the problem and I'll give you an example of when I was in ice-creams when I actually despite saying this all the time I failed myself. I had just joined the ice-cream business 5-6 years ago and I was going to Bombay markets and I found they were small and I asked people why don't you keep an ice-cream cabinet and they said because there is no space. So, I said look, let's go and design a small ice-cream cabinet. So, we designed this small miniature ice-cream cabinet, which we thought was the solution to Bombay outlets. But as we started placing them, we realized that it was one-third the capacity but it was two-thirds the electricity consumption of the regular cabinet. So, while it made sense in terms of real estate, it didn't really make sense in terms of the overall economics. So, the question I should have asked at that time is how do I make ice-creams profitable for the retailer not how do I get a cabinet into the retailer? And had I asked that question I wouldn't have spent the kind of money and had the fiasco that we had with the Chhotu cabinets.

DJ: Interesting. And back to your journey Sudhir in the context of how you framed your choices, have you found this clarifying in terms of the question you asked leading to a different way of looking at a situation.

SS: I don't know Deepak. I certainly do a lot of it and I certainly am very conscious about it and especially when I'm confused. See very often decision making, and we can talk about it later, is actually the crucial secret sauce of management and one of the key things that Levers teaches you and a good decision has to be both intuitive and rational. And often when you find these in conflict that's the right time for you to take a step back and say what the problem is? What is the real decision I'm making? So, when the heart and the mind are not in tango for a decision that's when you know that you've not really clarified the problem. So that's the way I look at it.

DJ: No, the reason I ask is in the context of the work I do. Sometimes I tell leaders who are in transition what are you solving for? Are you solving for impact, are you solving for harmony across domains of life or are you solving for something else and that determines choices?

SS: That's right.

DJ: So, till you have that clarity around what you are…

SS: And it's hard. I'm saying to raise the question but you know all of us and it's a very, very hard thing and it's not an obvious answer on what the problem is. In fact, that's the hard work and once that is answered then everything is quite easy after that.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. The point that Sudhir makes about asking the right question is quite a profound one and something that came up in one of my earlier conversations at the Podcast with Tasha Eurich (TE). She is one of the leading thinkers in the space of enhancing self-awareness. One of the paradoxes here is that you would think that people who reflect a lot would be quite self-aware. But often they go down what she calls the rabbit hole of rumination. She goes on to speak about how we should conduct the enquiry and frame the question.

TE: *"so what we wanted to do in our study was understand if why is the wrong question what is the right question you know what are these unicorns doing differently than the rest of us and it took us a little while to find this pattern but we discovered that when unicorns introspected they almost never asked why question they asked what questions and at first sight I thought ohh that just a weird sort of flock or weird nuance but as we started to look into it it started to make a huge amount of sense. So, one example would be you are going back to the question why I didn't get that promotion unicorns if they were in that situation wouldn't ask themselves that question. Here is some question they might have asked instead. What did I learnt that can help me be better position in the future? Or what can I do to close the gap between you know where I thought I was and where I need to be? Or what support can I enlist from the people around me to help me you know to achieve this goal the next time I set it? Or they are going back to why am I so upset about that conversation with my co-worker they might instead ask what part of that situation did I owe or what can I do differently in the future to avoid that kind of conversation with that person and so what we found was asking "What" instead of "Why" really helps us avoid so many of the pit falls of introspection where we you know what excavating for the truth that whenever gone find and we are focusing on our problem and feeling victimized and disempowered."*

DJ: To know more you can go to playtopotential.com and tune into my conversation with Tasha. Now let's get back to the conversation with Sudhir Sitapati.

DJ: And back to your journey Sudhir, we spoke about this sometime back as well, you've been in HUL for two decades and when we did the inventory from our batch, maybe you and a couple of others have been in the same institution for that long and all the others have moved on. How have you thought about staying on in HUL? I'm sure there were moments in time where you got those calls about opportunities elsewhere. Give us a sense of what is it about institutions like HUL which give you an opportunity to pursue a 20-year career and beyond and also tell us a little bit about how you have thought about some of those moments in time where you could have possibly branched off.

SS: I think HUL is among the few organizations that do tend to have a lot of people staying on for a lot of time. And if a lot of people stay on for a lot of time notwithstanding some of the daily irritations at every job it means broadly you are happy. I think HUL does a few things right. I think it has excellent HR processes I would say, it has excellent training processes early on in your career and it has excellent career management and career development wherein you are learning throughout. So, you are kind of constantly building on yourself and I think that's one of the reasons that this really strong… and there are some one can say that careers are structured, it's a bit slower, etc. etc. but broadly I would say this HR system when you take a step back is outstanding. As a consequence of this HR system I think there's a lot of camaraderie among the people. So, you kind of work with friends, so you enjoy coming to work. There are also a lot of very bright people here so that is also something you like and there are shared experiences, early experiences in HUL are one of the differentiating factors in HUL versus any company in the world. Actually, there are a very few which give such a tough early experience when you're just a greenhorn out of a business school and you think you know it all those shared experiences also kind of form a bonding. And I suspect finally the values of the company are of very, very high quality so you go to sleep feeling good about yourself. I guess in general terms these are reasons why it's not just me; it's a lot of people who last for long periods of time. I mean there haven't been that moments when I have thought about leaving; once or twice I have and I guess the reason that I've never left is they were always rational reasons to leave never emotional reasons to leave. So, emotionally I was always happy and fulfilled and so on and so forth. Somebody might have come with a salary which was higher or a job which seemed like a higher status, etc., etc. So, the rational mind works, but it's again going back to a decision the heart and the mind have to sync and for me anyway they haven't been in sync yet.

DJ: And the other reason is I ask is in an organization as large as HUL sometimes you could get opportunities where it's a smaller company but it's a CEO role and leaders sometimes struggle to think about business head in a large company versus the company head of a smaller company. So how do you think about that?

SS: You know, DJ again to be honest it's a slightly rational question, right, which is I guess you just have to feel it at some point. You've got to feel at some point that this game is up here or you've got to move on and it need not be for a CEO of a smaller company, it could well be for a business head of a big company. So, I just feel that that has to click and maybe in conversation with you in the past as well transition moments, they have to work here and they have to click so…

DJ: True. And picking up on the point around HR Sudhir, one of the things you talk about in the book is that HR here has teeth, that's one thing you say. And the other thing that I found interesting was back to the point around shared experiences. You say that the first 10 to 12 years in HUL are like an IAS or a government services kind of a tenure-based career plan after which high potentials take off and there's an opportunity to differentiate yourself. Talk to us a little bit about both these. One is about what do you mean by HR has teeth and second is why is it that HUL has an interesting approach of 10 to 12 years of predictable career path and then variability.

SS: I think HR in HUL does indeed have teeth and I think there are two or three reasons. It's an independent function in HUL. At the same time a lot of the HR managers have had the same shared experiences that business folks have had. They've gone through the same management trainee; their first stint is also in a factory or in a sales branch. So, they kind of have seen through the same shared experiences while being an independent function. We've also historically and at a very early stage had HR as an independent function from business. Many companies in the past would have someone who was a technical person or a supply chain person kind of becoming the HR Head not so much anymore, but HUL very early on had independent HR functions and independent HR professionals. So, HR has also been one of the functions which HUL has really developed in a professional sense in India. So, this high-quality, independent HR guys and then an HR system which is deeply embedded in the business. So, independent on one hand but close to the business on one hand has kind of meant that we've had a strong HR system that shows the mirror to organizations. I think that's what HR has to do. It doesn't always happen but most often or very often it does.

DJ: And give us a sense of how it plays out when you say show the mirror and make it real for us.

SS: I'm saying for example, I can't just recruit someone to be a subordinate in my team heading a large business, it doesn't work like that. Ultimately, I am the final decision maker on people who have to be recruited who report to me, but there is a strong process, there will be a process where HR would bring out CVs of all the candidates, HR will have a strong view, they will insist I interview, most often an HR person will sit on the interview and they can disagree with me on paper and if they really strongly disagree they escalate it. So, while I have a nodal function in recruiting my own team, I don't have unfettered freedom and I think that's the right thing. I don't think in professional organizations people should have unfettered freedom.

DJ: And back to your point about sometimes the one line of thinking could be people with technical background who have a people orientation could do well in HR because it gives them a sense of how business is done. So, when you say people in HR of course they go through the stint so they build an appreciation of the business. How do you see the trade-off here?

SS: I mean, I don't have a definitive answer for this and I'm sure there are experts who view it, but I personally feel with the experience of HUL that HR like marketing is not just flair, you know if somebody has HR flair so you move them. It is a discipline, you have to learn it, you have to go through IR relations, you have to see a branch, you have to business partner someone, and you have to work in rewards. So, you've got to see the full rotation. Yes, it's very good to have people flair like people have a marketing flair, but I think it's a lot more than that. So, I would personally, and I guess the jury is out, but I would personally put my money behind an HR function.

DJ: And back to your point about the career path, the 10-12 years of let's say steady pace after which there is acceleration and deceleration. What's the thinking behind that?

SS: Yeah. No, I think it's an interesting thinking. A lot of youngsters sometimes get frustrated with it in HUL. They see their peers early on doing better, going to Europe traveling business class whereas they are in some market in some remote corner of India and even salaries they move gradually in HUL. So, there is always this sort of feeling that you know is this meritocratic is why is everyone getting the same output? I think it's actually strongly meritocratic. I think one of the strengths of HUL and I guess the market recognizes strongly meritocratic, I think we just don't judge too early. I think there's a full 10 years which is almost like an extended training. Of course, you have your appraisals and of course people are valuing you from a very early age for potential. It's not that you're not being valued even for potential at an early age and so on and so forth. But the thinking is that you do… let's take sales and marketing which is the function that I am in. You do three… you do a stint in sales, you do a stint in operational marketing, you do a stint in strategic marketing, which is a roughly 8-10 year thing and then you are fully groomed to go to the next level and that's really when serious differentiation comes in. I think it prevents and I think it's a big thing; you should not create heroes too soon. Especially in junior management results are impacted by many external factors. Of course, you and it's not easy to differentiate and even if it's you, people should get the time. So, building heroes and villains too fast is probably not the right thing and I think the HUL batch system of having batch parity for a reasonable period of time roughly and it's not that we have exact batch parity that everybody gets promoted the same day and all; there is differentiation and there is of course flexibility, but broadly looking at it as time bound for a period of time and then really accelerating or not I would say is a prudent way of doing it.

DJ: And back to let's say talent retention as a challenge during that 10-12 year phase when your peers are taking off and you're chugging along at a seemingly slow pace, what do you do to ensure that these people don't leave for the wrong reason and they take that long-term view. How do you approach that?

SS: Yeah, so, you know here's the paradox which is why you're probably doing the right thing, right? I mean you don't give the acceleration at 10 years, but you still have very high retentions and you still have people going on for a long time? I think the environment, the camaraderie and the learning environment and a collegial environment, and you see the campus here is almost like a college, it's a good thing and a bad thing and I'll tell you what's the negative of it, but HUL then forms a universe for you in the first 10-12 years. That's the advantage of it so you are living in the universe, you're judging yourself versus this and it's a big enough universe to live in it if you can call it a bubble if you want, but it's a universe in itself. The con of it is that after a certain age we've got to be really aware in HUL that we're not too inward looking and that there is a wide big world outside HUL and that could be a sort of con of the HUL way of management if one doesn't take care of it and is not conscious of it.

DJ: When you saying inward looking in what sense?

SS: For the same reason. It's a large self-sufficient universe, you can have a lot of your friends from HUL, to socialize at HUL, you know your conversations, you have so many categories within HUL that ice-cream is very, very far from Lakme. So, you can go and spend some time with the Lakme guys and learn about cosmetics. So, there's enough learning in this world. So, that's why it can if you're not careful become a little inward looking.

DJ: The other term you used in the book Sudhir which I found interesting was notion of entrepreneurial professionalism and in a way most professional organizations are struggling with this issue how do you drive entrepreneurship and several entrepreneurs are struggling with it too in terms of how you bring professional behaviour while retaining entrepreneurship. So, talk to us about what you mean by this term and a little bit around how HUL thinks about fostering this behaviour.

SS: So this is a term… I asked several CEOs of several companies, what it is in HUL that makes so many of you CEOs. So, I asked Gopal Vittal who is the CEO of Airtel and he gave me two or three but the word that he used was entrepreneur professional. A professional is relatively easy for a multinational to understand right? Professional means that you follow the process; you follow the rule that is the etymology of professional. I think the entrepreneurship is a relatively rarer quality and I was thinking about what it is in HUL that makes people entrepreneur. I think there are a couple of them. One is we get high quality people who are driven to succeed and output-oriented and they're not just people who want to bide their time in the organization. So, they want to push, by nature that's the… and you know culture reinforces itself so you're always having people pushing saying how do I grow faster and how do I so on and so forth? I think the second thing is a lot of us have very early exposure to Indian retail trade at a very young age. Our distributors and retailers are the most entrepreneurial, most business-like people and you spend the first 3-4 years day in and day out dealing with really hard-core entrepreneurs who are really looking at… are very capital focused. I mean entrepreneurs are fundamentally capital focused, so you get a capital focus, rotation focus. So, you come out of sales with a mind-set on business which is highly entrepreneurial. I think these are the two reasons that… and I think it is a self-reinforcing thing. I think culture is reinforcing and once the culture sets up… see there was also a period and I must go back to Unilever itself was a unique multinational. Most multinationals even today have a command and control operation, they have headquarters somewhere and then things radiate from that. In the early 1950s we had a Chairman of Unilever called Heyworth who wanted to do something called ization. He said that Unilever will only grow when the far corners of the world we have local management. So, India, Indonesia, Brazil, South Africa, it's not just India very early on one of the first multinationals to have Indian CEOs. So, in the early 60s we had P. L. Tandon who was an Indian. So, this sort of giving freedom to the operating units at an early stage has also started this self-reinforcing entrepreneurship.

DJ: And you speak about the early exposure to trade and coming from a professional background, being reinforced by the processes in the company but exposed to entrepreneurship but in the way business is run or the way reviews are done are there reinforcing mechanisms in terms of… you give me a sense of how this gets built at the start, but give me a sense of how this gets reinforced as you grow? Is it something about the way you conduct business, the way you conduct meetings or reviews which reinforces this entrepreneurial professionalism?

SS: One of the interesting things about entrepreneurial professionalism is if you ask people within Unilever, they won't call us entrepreneurial but when you ask CEOs outside they call us entrepreneurial and when you look at the company at a distance you find it… and I'll give you an example, which I found was a great example that someone gave me of entrepreneurship and then I will answer your question after that. There was a guy called V. Kasturi Rangan who in the 1980s, he is an IIMA a graduate, he built the Personal Products business of Levers and several people I spoke to said he was so passionate about building sachets and shampoos that he would carry sachets and shampoos in his coat or in the back of his car and if he saw an outlet when he was going with the sales guys that didn't have a shampoo sachet he would firstly give hell to the sales manager but take it off of his coat and go and hang it there himself. Now this is the kind of reinforcement of… and what I have also realized in the company is that the stories that the company, and I guess that's the answer to your question because I don't think there are any processes that encourage entrepreneurship, and I think there are processes that encourage professionalism, but there are stories that encourage entrepreneurship. So, all the conversations that you have when Lever people sit together and drink will be about these mavericks and how they entrepreneurially built this company at various points in time. I think that's the combination of the stories and process and I think that's what builds it.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. I want to pause and talk about an earlier conversation at the podcast with Indranil Chakraborty (IC), another HUL alumnus. He has written the book Stories at Work and he works with organizations with business storytelling. He spoke about this instance of the learning that a HUL colleague goes through in the early years…

IC: *"the examples that the books start's with the gold dust is actually not my story it is the story that was told to me more than 25 years ago by Mukul Deoras who is just been appointed as the chairperson of Colgate in India and he tells the story where basically the story goes that he a young trainee and he had gone into a market visit he had meet a boy at wholesale store the wholesalers son and he observed that the shop there was selling the Hindustan Liver products at a very wafer thin margin and so having come from the MBA college that he had come from the straight away went into you never make money with that thin margin that you have so the young boy said no I don't think get it. You see let me explain my dynamic or whatever words he must have been used in the Hindi. He said that have two weeks of stock with me and your distributer gives me one week of credit so my net investment is one week and we have 52 weeks so my investments turns 52 times and if each time I turn that investment I get half a percent which is what he kept that's 26 percent ROI. What's wrong with it? That's what Mukul says that so the business runs not because of absolute* *margins but the number of times you turn that margin and so every time the wheel turn it gathers a bit of gold dust so that's the gold dust example."*

DJ: If you want to learn more about how you can build culture through stories, do tune into my conversation with Indranil Chakraborty at playtopotential.com.

If you are finding this conversation purposeful, do rate and review on Apple Podcasts. It will help others discover the podcast and seek value from it. Now let's get back to the conversation with Sudhir Sitapati.

DJ: Going back to one of the things you said Sudhir I wanted to pick up on it this notion of potential, you said something interesting. You said for the first 10-12 years it's not that people don't notice. You are still marked for potential but you possibly aren't… there isn't let's say enough maybe celebration or applauding going on, so I'm curious about that. But just maybe a related question is in the book you talk about judgment, influence and drive being the three markers of potential but what I found interesting was you go on to say that for the first few years it's drive which is sort of the key axis of growth or differentiation and then it moves to influence and eventually its judgment. So, talk to us a little bit about this notion of how potential plays out in Unilever and I'm curious about these inflection points where the needle moves from drive to influence to the judgment.

SS: Yeah, I spoke about, I wrote about judgment, drive and influence in the context of recruiting people because if you recruit for the immediate job at junior management in industry right and it's different from professional services and there's a very vast difference between professional services and industry. In industry at junior levels you need drive, but if you recruit the best person for the job you are not recruiting for the future. So, when we recruit management trainees, we have to recruit for junior management, middle management and senior management. We expect every manager of ours… so, at a very early age we've got to see whether this guy has got the potential to have judgment, does he have the potential to be influential, though in the first five years all that's going to determine success, and one of the reasons also we don't judge too early, is that all that the first 7-8 years tells you beyond a point is or heavily over indexing the fact of how driven you are. And it's only over a period of time that you start working as a team and that's really where influence comes in and even after that where you've got to start making a decision. It's one of the reasons why we don't promote too early because you promote too early, you're promoting on drive and then the person will hit a barrier very fast and may not have either influencing or judgment skills. So, I think that's the important thing on judgment, drive and influence. I think there are a natural inflection points for these within HUL DJ. I think the first 8-9 years we call it Work Level 2 which is kind of where people are really kind of… it's heavily driven and as you go a little bit more and more senior you get some influence and judgment. And I guess in middle management what we call Work Level 3, which is gently 10-15/17 years, is where you have to work together as an organization with various functions and other people and get work done. And I guess at senior management really the success or failure depends on do you get 7 out of 10 decisions. I used to have a boss who said that anybody who gets 9 or 10 out 10 decisions make is a bad decision maker. A good decision maker has to get 7. He has to get the right 7 but that's the right ratio. 5 is too low, 9 is too high.

DJ: 9 too high being too safe, is that the point?

SS: I think it's too safe to you then you're analysing too much, you're not quick enough on the decision, there is a speed factor to it. You've got to make… those 7 have to be the important decisions; you've got to let go 3 relatively low important decisions. So, there's a decision making in taking decisions itself in that sense.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. I must say that it is a matter of cosmic coincidence that something similar came up in my conversation with Sudhir's brother Vinay Sitapati (VS) who has written the biography of Narasimha Rao – Half Lion. For the record, I must mention that Sudhir and Vinay are the only siblings who have appeared at different times on the podcast. One of these days, I need to chat with their mother about what she fed them when they were growing up but that is possibly a different podcast conversation. Coming back, Vinay speaks about Narasimha Rao's genius in knowing when not to make a decision.

VS: *"NR has made a lot of fun off because the typical view of the NR was he was a scholar but he doesn't act and that's just a straight untrue as I show in the book yes he was a scholar but at heart he was a man of action, what he also was, he was acutely aware of his political vulnerability so when he didn't act it was not because he didn't want to act and not because not acting was important but because he just lack the political ability sometimes it was that not acting is important, not making a decision is important but very often he just lack the political ability that he could have made the decision he could have made the decision to privatise Air India which today we are trying to do but at that time he would have lost his job so he didn't make a decision on that matter so the stereo type of NR which comes from that idea, analysis until paralysis that was be that joke and the joke was NR knew that how to be silent in 10 languages and I think that misses something at the core of NR that he was the man of action but he was also acutely aware that as the book points out he lack power so his genius was where to act under which political cover and when he lack political cover he would withdraw and it's a fine art because most politicians you would argue only care about survival NR cared about survival but he also cared about other things."*

DJ: What decisions to focus on is a decision indeed and whether to make a decision or not is a decision too. Now Let's get back to the conversation with Sudhir Sitapati.

DJ: But couple of questions. One is what are the markers you look for given that you're recruiting for judgment, influence and drive? Give us a sense of how do you pick them up, how do you suss them out early on No.1, even before even at a recruiting stage for example, No.1 and No. 2 how do you think about the leadership development mix when you're solving for each of these three variables, not that it's sort of one at a time, I'm curious how that shifts as the axis of growth shifts.

SS: See one of the big determinants of drive actually is excellence in your educational or co-curricular activity. It doesn't actually determine judgment in Indian circumstances but it certainly determines drive, and academic is an important part of it but exceptional performance anywhere is a tick mark on drive for us. I think when we do the Lever way of recruitment, we still are one of the old-fashioned companies that do group discussions and people think that group discussions are a problem-solving forum; they are not a problem-solving forum, they are a teamwork forum. So, what we judge in group discussions is not whether you are the guy who the cracked the case but are you the guy who facilitated someone else to crack the case, how was the team dynamic and that's what we're looking for. I guess in judgment is what we look in the personal interviews we generally tend to ask questions regarding decisions that the person has made in life and how they think through decisions, how intuitive are they, how analytical are they, so that's what we do but there's a fourth thing Deepak which is even more important and you know one of our former Unilever Chairman I found an annual report it said that you've got to recruit for character and calibre and between the two character is far more important that calibre. So, judgement, drive and influence are determinants of calibre, but there is a more important variable which is character which we actually have a fourth interview where senior people interview. So, ours is a four-step recruitment process where CV, group discussion, interview 1 and interview 2 which people say why do you have such a long process, it's to judge and the final one we have senior people to see whether the person's got a character and high integrity which for us is actually the most important.

DJ: And how do you, just persisting with the theme and for somebody let's say who's a student, how do you suss that out?

SS: I think authenticity and willing to share vulnerability in an interview, willing to look deep and what do we mean by integrity? We're not judging whether a person is going to cheat the expense statement, right? The question that we are judging is is a person true to themselves. When they make a mistake are they able to reflect and say it was their mistake rather externalize, that's integrity at the end of the day. So, what we look for is people who are a little bit thoughtful about themselves, who have a good idea of what their strengths and weaknesses are. So, that's really how at least I suss out the integrity of a person and that's what I mean by integrity as well.

DJ: This reminds me of my previous firm Egon Zehnder when you would do your 20-30 rounds with colleagues around the world then the man himself would meet you in his office in Zurich and that chat would be about just anything right, about opera, about the world climate and whatever. So, I guess in a way I like the way you frame it as calibre versus character… by that time the…

SS: I didn't frame it; a former Unilever Chairman framed it but I caught on to the framing.

DJ: Got it. Now just coming back to the bread and butter themes for which HUL is known for marketing and in the context of the work I do I'm curious about how that plays out with individuals and personal brands. Give us a sense of how some of the principles around marketing and branding can be applied to leaders as leaders go about their respective journeys and as an observer of the world around you what are some of the, I won't say funny things, but what are some of the inefficiencies you see in the way sometimes people think about personal brands?

SS: So, DJ I haven't actually to be honest thought deeply about personal brands, right? It's not an area that I have… but let me tell you about brands and let's see if there are some parallels between brands and personal brands one of the things that great brands have is that people who love the brand and people who hate the brand must say the same thing about it. That is the mark of a true outstanding brand. So, you may not like the things that… people who like and people who hate it may not like the same thing but they say the same thing. So, a brand as I have written in the book is…

DJ: Give me an example just for me to get a sense of what you are saying.

SS: So, let's take a strong brand that I worked on, let's say Lifebuoy. People who love it will say it's got the strong smell which is really disinfectant and I love it, it makes me feel really clean and hygienic and guys who hate it will say it's the strong smell and it is disinfectant and I really feel like I'm in a hospital.

DJ: They'll align on the attribute.

SS: They will align on the attribute. So, they will say the same things about it, but they may like it or they may not like it, right. So, that's the characteristic of really, really powerful. It's a good way to judge brands and I suspect that's the same about personal brands as well. You cannot be different things to different people. That's the principle of branding, you have to be the same thing to everybody whether they like you or not and therefore you got to choose those few attributes or those few associations you want to own, close your eyes whether it's a personal brand or a real brand you'll be able to identify people in three four words then their strong brands. They have to be authentic. They have to be true also to their… you know, one of the things I do a lot when I do brand work DJ is we do something called brand archaeology, which is go into the deep history and many of our brands are very old, the deep history of the brand, the founder and what was the vision with which it was founded, what was the birthing qualities of the brand because they tend to be the true qualities of the brand that 70 or 80 or 100 years later and you got to kind of rediscover it. And I think that's the truth about personal brands. I'm not an expert as I tell you but as I am talking about it, I guess you've just got to go within… you can't game it and say what will that person like and what will this person like and how can I be… you've got to understand what it is that you are and whatever it is that you are if you are true to it, people ends up liking you and that's true about brands, the sharper they are you will always have people respecting you, they may not choose you or may choose something else, but I guess those are the parallels that I see.

DJ: But I love the point on archaeology. It's a cumulative and not an incremental. You can't ignore the past and create a future.

SS: But you know one of the things I think is true about personal brands and real brands is and it's one of those paradoxes which is Levers in marketing are consumer obsessed but ultimately brands have to turn inward. They have to be what they are and then they have to attract a set of consumers towards them. So, I guess that's the same about… if you're gaming who you're talking to all the time in your mind, how do I be to this person, how do I be to that person rather than focusing on what you are you will end up being a weak brand.

DJ: That's a great point, I mean, back to the character interview and it brings it back to authenticity if I may sort of connect the dots. Lovely. I'm picking up on a similar theme Sudhir. You talk about growing a category versus growing a brand and you frame it as a choice between doing more versus doing better and that's something I reflect on as well in the context of journeys. There is always this choice between specialization and generalization and maybe trying out adjacencies. Give us a sense of how you think about this in the context of brands and maybe reflect on as you would apply to journey.

SS: Yeah, I think Deepak in the book I think there are two separate points and I'll answer them separately because the first point is why is it easier to grow a category than to grow market share within a category and the second point is why a brand should do what it's doing better rather than doing newer things. They are two related but separate questions. I think the first question is that category growing represents an unsolved consumer problem. Gaining market share represents a problem that is already solved and you're trying to go and get a piece of the cake, right? So, from a consumer point of view it's always easier and better and more profitable and in whichever way you look at it solving an unsolved problem rather than someone solved the problem already and you're trying to solve 5% that problem 5% better. This is why it is generally easier and better to build categories and bake your own pie rather than take a piece of someone else's pie as a general rule of principle. The second point is that within brands it is always better for a brand to do what it does better rather than to do many things and it goes back to the question on what brands are fundamentally. Brands if there are set of associations, you've got three or four pieces of real estate in consumers' minds and the consumers' minds is the most expensive place and difficult piece of real estate to get. Now what your job is to deepen those associations and really have them stronger. A new association the cost of doing it is always much higher than the cost of deepening an association and also when you get new associations in you start weakening the older associations.

DJ: Give us an example here.

SS: So, I gave an example in a book when I was a management trainee I worked in the Foods category for a brief while and I saw that what sold in the market was basically Kissan tomato ketchup and Kissan mixed fruit jam that was 80-90% of our business. Twenty years later I came or 18 years later I came as a Director of the Foods business and I looked at our Foods business, it was still 90% of tomato ketchup and mixed fruit jam. In that interim we had launched many, many things as Kissan. We had launched Kissan soy juice, we had launched Kissan staples, we had launched Kissan health food drinks, etc., etc. But the fact is that in consumers' minds Kissan was this fruits and vegetable brand and it wasn't anything else and guess what less than 15% of Indians consume Kissan. So, the same amount of money had we spent deepening those associations and gone from 15 to 30 we would have been a lot better off rather than trying to get new associations with Kissan. So, there's always an unsolved problem in what you're doing well and to do more of it very rarely like there might be a 10% chance that you are kind of hitting a wall but 9 out of 10 times there is always more room and it's always easier to win where you are rather than to go wide.

DJ: And if you reflect on that in the context of your journey or professional choices, is there a parallel in terms of how you think about that over time?

SS: I think quite early on and probably in IIMA itself I kind of doubled in on the fact that marketing was something I was good at and something that I enjoyed and I've kind of broadly despite a lot of distractions here and there and you know how things are, you can always get distracted, I liked building consumer brands, I liked doing advertising, I liked doing innovation. So, I've kind of kept myself focused on these areas and with time I have also realized that I kind of enjoy it and I have stuck to that journey rather than learning too many new tricks.

DJ: But if I may go back to that and persist what gave you that conviction? I remember back in 1999 when a lot of us were running around like headless chicken saying we'll get into a bank or a consulting firm or something else that pays the big bucks; you had extraordinary clarity that this was it. What gave you that conviction at that point in time?

SS: I think you know I must say that my father was fortunate who was… he was a generation into the corporate world. He was in L&T; he had worked with banks. So, he had a good sense of the world after you join after 10 years, 20 years. So, I think he was… one of the few things he was very clear about was that I joined Levers. He also felt that I should do marketing, he knew me well, so he was actually one of those guys who never really… I was never a good student throughout because he never… he didn't allow me to do tuitions, he never really wanted me to do one thing. But one of the few things he wanted me to do in life was to join Levers. I think he had a high regard for the institution but I think he also saw it and I must say that when… at IIMA, so I actually got into Levers before I joined IIMA and I didn't take it though my dad wanted me to join Levers. So, when I was in Xavier's they recruited management trainees and he wanted me to take it but I said no but he was still keen so I did my summers in Levers and I also once I kind of… on the one axis there was a push there and then I guess professor A K Jain's marketing one did create a pull. So, I did get fascinated by him and the clarity of thought and the deep rigor because a lot of people come in thinking marketing is fluff, but you know A K Jain was anything but that. It was just… just because it's not numbers all the time it doesn't mean you can't have depth of thinking. So, I guess those were the two influences that really have kept me going in.

DJ: And if I may persist further what gave your father that conviction that HUL was the right thing for you? What about HUL appealed to him?

SS: See he had a belief that… he was an old-fashioned guy, so he had a belief that the first job a person does, he was an engineer, he was an IIT engineer, and should either be in the shop floor or in the market. So, it was an old-fashioned view and it's a 100% right, these things don't go out of fashion. I don't think and I can say it as many times, I don't think young people should work in air-conditioned offices on excel sheets for the first 4-5 years of their life. So, he was very clear that that foundation of being out in the heat. So, it was a value system of his.

DJ: It's fascinating, fascinating. Moving to another marketing concept that you talk about in the book, the four Ps of marketing that you talk about and you say that product is the most significant P of the 4 Ps. Now, I've been in professional services all my life so as I was reading it, I was just curious about how this plays out not in a product context but in a services context. So, for a minute if you could talk a little bit about (a) why do you say product is the most important P but also reflect on how this maybe transposes to a services world.

SS: See, firstly in Levers marketing is the central function so you kind of see the entire spectrum of what the consumer value is and one of the interesting things is whatever function I was doing I always felt that was the most important P. So, when I was in sales, I thought place or distribution is the most important P. Then I went to more operational marketing I thought promotions were really important, then I thought advertising was important, then I thought pricing was important and I finally netted this out with lots of good and bad experiences saying that if you get your product right the results will come. If you do other things right they may come sooner and if you don't do them right they may come later but if you do products wrong it will never come and if you do product right you might have to be patient but it will eventually come and I've just had innumerable cases seeing it. And I guess you need to have that clarity because if you focus too much on the… So, the other Ps are enablers of bringing the product; they are not it in itself and I guess the professional services group that I worked most closely with is advertising agency. So, let me draw a parallel there because I worked a little bit with management consulting and HR but this is something I work on a day-to-day basis. So, the best advertising agencies are those that deliver the best advertising. They're not the ones that do the best strategy; they're not the ones who do the advertising networks on time. They're the ones who make advertising that people want to watch. So, when you evaluate an agency you have to really look at the people who are creating the advertising and they're really the big value creators for you. So, I guess that's true about every professional and word spreads around fast, I mean you call it word of mouth, but if the product is good somehow word gets around. So, I don't know how you'll draw a conclusion into your world, but…

DJ: Fair enough. The other piece you talk about which is often confused or people mix it up is this notion of core competence and competitive advantage and you talk about sales and branding and a couple of other things in the context of HUL. So, give us an insight into how do you think about the distinction between these two and talk to us about how these play out in a Unilever context?

SS: It's an interesting story. As a management trainee we are sent to Etah which is a village outside UP, in UP into a village where we stay for six weeks. We basically live with the farmer there and eat his food and on Saturday morning we are allowed to come back to Etah town where we have to stay in a guest house of a doctor, a local doctor. And that local doctor's son was a sort of self-educated guy, he was autodidact, he was not an MBA like us and he told me, he said, you know you guys in Levers I meet all of you, you guys keep telling me that your core competence is distribution; that's not your core competence, your core competence is understanding consumer needs and making products. Your competitive advantage is you go to more outlets but someone can do it tomorrow better than you, can go to the same number of outlets. That doesn't mean you will shut down, you are ultimately… he said very interesting. He said you guys are a chemical engineering firm and you've got to understand that's your core competence. So, I think the interesting story is that this guy was just not in the circuit that would say that he was reading these kind of things all the time in his free time and running some small business there in Etah. So, it stayed with me. I mean you've got to ask that question all the time as to what's that fundamental truth about a company without which it will fail. And I think in the case of Levers it is understanding consumer needs and giving brands to solve those needs. That's the heart of our gig. Everything else again is an enabler. So, good supply chain, efficient costs, good media all of that, even good advertising, but that's the heart of what we do.

DJ: Got it. Back to the discussion on people, the other very interesting and possibly borderline counter intuitive insight was you talking about mavericks, company men and rogues and more specifically HULs treatment of mavericks and you go on to say that sometimes companies get too harsh with these people and that's a lost opportunity. So, talk to us about what you mean by these terms and more specifically how HUL deals with some of these mavericks.

SS: It's a bit like the entrepreneurship point where it's common, you know, kind of gripe within the organization to say we're not entrepreneur enough. There's a common gripe within the organization and a lot of people repeat it saying this is a clone organization, everybody is the same and that's how we kind of… that's the starting point, right? But when I actually started speaking to people about HUL and people who've been, you know, joined in the 50s to now, lot of the conversation actually came up and people who are idealized were people who are mavericks, I mean, I gave you the example of V Kasturi Rangan but there were several others like this. And they were able to associate those mavericks with distinct periods of great success of the company and they were able to attribute it to those people. So, I think the interesting thing about HUL is that a lot of people look the same and speak the same language, but there is this… a group of people who aren't the same and who are still allowed to flourish in the company and it's not that easy in a lot of multinationals for that to happen and I was speaking to a consultant friend of mine and I was telling him look this is what I found, I found a lot of the successes I am able to attribute to people and people who have… and did very well, they didn't go to the very top of HUL, I must tell you, but they did pretty much near the top and he said a lot of companies it is fashionable to over-index on teamwork and ultimately what's important is output, team work is input, right? So, it's not an end in itself. And again, I guess it goes back DJ to this collegial camaraderie and this group of people who are there together in an almost familiar sense. So, unless someone lacks integrity and rogues which the company has again traditionally had very strong value systems on and they kind of get ejected, there is a reasonable amount of tolerance for these may not be great team players but value creators and a lot of respect for them as well. So, I think that's a… I mean, I spoke to people I think that it is a relatively unique secret sauce of HUL, it's not obvious because people look the same, they have the same educational background and so on but you think about it, it ties in with the entrepreneur professional argument. In fact, I think it is the secret sauce if I were to kind of…

DJ: Very interesting and maybe to make it real Sudhir what are the moments of truth and what are the kind of situations where you need to be patient or tolerant with mavericks? What's the friction that you need to live with for mavericks to flourish?

SS: I think the reason that HUL is able to tolerate and live with mavericks for a long time again goes back to some of the HR processes. I think there are strong meritocratic evaluation processes and a lot of the KPIs are quite output driven. Now some organizations find it hard to have output-driven KPIs by the very nature of what they do. I think one of the advantages in the business that we are in is at senior management again one is so (a) we are able to… since again it goes back to some of the earlier points which is since you give a lot of latitude for the first 10 years and you are really evaluating people in the first 10 years, mavericks coast along and that's really where mavericks really had the most friction early on right? Once they come to senior management judgment starts to play a role, mavericks tend to be good decision makers. So, it allows the mavericks to come to middle management or senior management and then flourish. I think it's got good output related KPIs where if you're bringing in the bacon, there's a reasonable amount of tolerance. So, I would say it's a combination of these two but probably the first one. Probably what, you know, one of my former bosses, he calls it I think he calls it an empathetic meritocracy, which is not a hard meritocracy. If you have a hard meritocracy in like investment banks or whatever as you are two years and then you're out it won't have tolerance for mavericks because early on when things can't get attributed people who conform get more attribution than those who don't conform, that's what happens early on right? So, the fact that you don't evaluate for 10 years or you don't hard evaluate and you are supportive throughout I think that's probably what more… when I think about it more than the KPI thing I think this is probably why… it's like a family which allows the black sheep of the family to still be in the… till suddenly you discover a talent of that person and suddenly somewhere it flourishes. So, that's probably why.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. This reminds me of my conversation with Alan Eagle (AE), the co-Author of Trillion Dollar Coach, a book that details out the ways and means of Bill Campbell, who coached the who's who of Silicon Valley that included Steve Jobs, the leadership team at Google, Marissa Mayer, Sheryl Sandberg and several other leaders. He didn't charge any money for his work but his work impacted Trillions of Dollars. He uses the term "Aberrant geniuses" to talk about something very similar to Mavericks that Sudhir speaks about…

AE: *"Aberrant geniuses often need protection from senior management. We live in an age where individual employees, superstar employees can have a huge impact because they can just be so highly leveraged using technology tools especially if you are in the technology business where in places like Google superstar software engineers and product managers can just have enormous impact, they can create whole new product categories and lots of the times they can be difficult but if managed and coached properly they can have enormous impact both to the bottom line, to your product suite but also to your culture. You need to protect those people because sometimes they are difficult and the culture may want to push them out. So, one of the first lessons I think of aberrant geniuses is to do your best to protect them if they have a few key characteristics correct. What would those be? One is integrity. You of course cannot tolerate lying, abusive behaviour, harassment or anything like that, of course that can't be tolerated. Two, and this is something Bill would always look for and I think it is super-important is a team first mentality."*

DJ: Clearly, something for organizations to think about in terms of how they handle mavericks or Aberrant geniuses.

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Now let's get back to the conversation with Sudhir Sitapati.

DJ: And just moving to culture, you spoke about culture in the context of entrepreneurial professionals, but in the book you also talk about the four pillars of culture: action, values, courage and truth. Talk to us a little bit about how these get reinforced on a daily basis.

SS: In the early 2000s we were having a really bad time as a business and our CEO Chairman at that time Vindi Banga came to one of our annual conferences and said guys it's time to go back to our values, they are action, caring, courage and truth. Those were the four values he said and all of us had a rollicking time with that. So, every time in the canteen we would keep making fun and it just sounded like jargon and that's how it sounded and maybe we could have phrased it better and sometimes there's something but now when I was… I interviewed many, many people and one of the techniques I do in market research is not ask people about the values but ask them what their favourite memory is about HUL, right, what are your stories that you remember? And when I grouped those stories, I found quite perplexingly and I told Vindi this and I also admitted to him that I laughed but a lot of those stories were coming in the buckets of action, which is the same entrepreneur professional thing, a caring which kind of demonstrates itself mainly in terms of employees who are either ill or who passed away in the course of service, courage which is standing up and again goes back to mavericks of standing up to power and speaking truth to power and truth which is basic honesty. So, these were the four stories that came. So, people didn't express them as values, I kind of synthesize back to something that I had heard as a young manager and when I think about some of these stories and why do these four values, right? Because values, you know, all companies have values; Enron had written its values all over its offices so it doesn't mean anything, right? It's just a management jargon. So, values are only values when people speak the… even if they don't use the word action, caring, courage and truth they must live those values. So, the reputation of these stories across generations tells me that people have lived these values and these are some kind of…

When I reflected deeply on what is the cause of the values actually a lot of these are values of Unilever. Unilever itself is a unique company which gave these values to HUL 70-80 years ago and then values reinforce themselves. And Unilever's history itself is interesting because it had on the one hand an English company with William Lever, who was… he was a really ruthless businessman, eccentric and a serious philanthropist and a philanthropist not just in giving money but he created a space called Port Sunlight where he was very involved in the well-being of their workers. The Tatas and so on have been inspired by the Port Sunlight model of management. So, the genetic code of Levers has this caring element and this action element coming from its English heritage and this very Calvinistic Dutch honesty and truth to power was a Dutch genetic strand that came in. So, these are actually values that are pretty true to many of the Unilever companies. I would in all humility say that that's probably the reason for HUL having these values.

DJ: But back to let's say your reaction when Vindi Banga spoke about those values. Now for a minute if we assume that is typically the reaction of people when the leader speaks about values, how do you ensure that from a transmission… in your case you happened to research for the book and you had the luxury of collecting stories and seeing them fit into these four buckets. But how do you ensure that as a leader when you're transmitting values it's not seen as jargon, but people live it.

SS: So, I think there are two answers to it. The more superficial answer is it's a kind of branding answer, I think action, courage, caring and truth could have been better branded. For example, in the organization that I run right now, which is Foods and Refreshments we have four values and I call it rebellious integrity, which I think is a better way of understanding what integrity means. Integrating doesn't mean following the book, it means questioning the book all the time but always doing things which are in the interest of the business. So, there is certainly in value speak because values have become so much jargon one must think a little bit about how one communicates it. But ultimately DJ I think that values should not be communicated, it doesn't actually matter whether people know what the values of the company are and what those words are. They just have to live themselves and you've got to see enough expressions of it all over the organization and you've got to be clear as senior management what is it that the core values of this company that have made it great are and you have to find enough symbols or signs of it across. So, you have got to find it. I think it's a mistake to say that do people repeat the values. That doesn't mean anything right, but do people live it even if they don't know that those are the company values and providing you are snooping around the organization enough to know that this is happening at periodic intervals or it's not happening and you are truthful about it, I suspect that's the better way to inculcate values.

DJ: But if I may persist how you do get deliberate about perpetuating the values? I hear you that just saying ABCD is not going to cut it, that's not the way values get transmitted, not even in a family context, that's not the way kids pick up your values. But how do you get deliberate as a leadership team to perpetuate these values?

SS: I think there are only two things DJ. One is recruitment both into the company and to the teams that you are in. So, you must be clear that you must recruit people with the values and character that you are really looking for and two is you have to live it? I mean if you live it and your senior teams live it then everybody sees it. So, if you don't find enough evidence of it in the organization, you're not living it, you're not doing enough, you might be talking about it but you are not doing enough about it.

DJ: Got it. But I was just wondering back to our discussion before we started this conversation around stories, if there was sort of a structured approach to… one is living it of course, it is hygiene but in the way that gets percolated through the organization, I was wondering if there was a systematic approach?

SS: See, I don't know if there is a systematic approach to storytelling but I think shared tough experiences are generally good cauldrons in which stories emerge. So, if you are able… that you can structurally do something about it. If you have people sharing difficult physical experiences or periods of time etc., rural stints and so on and so forth those tend to call, camaraderie comes in, people open up, and stories come up. So, that is something you can… So, one of the things that I personally like to do a lot of with my teams is to push them to go to markets and consumers all the time. I think when you are outward facing and have those kinds of experiences, go somewhere deep and meet some consumer somewhere. Those are the kind and you go with two brand managers go and they sit and they talk or you go to the sales guy. There was a really nice story that M K Sharma who was our former Vice Chairman and Chairman of ICICI gave me in the book, which is in those days, we don't have it now, he wrote a long story about how an excellent piece of legal work he had done and he had cracked some case in Jabalpur and when he came he found a letter which was a reprimand letter, which is he said the only reprimand letter I got in my life and it said that you went to Jabalpur but you didn't go and have dinner at the house of the salesman there. So, that is the… we don't have that tradition anymore but he made that point saying that it's my only reprimand in my entire… and a reprimand is a pretty serious thing and was run after doing a really great piece of work.

DJ: Got it. Lovely Sudhir. Just as somebody who researched HUL extensively as a part of writing the book if I may ask what are the two three things that came as a surprise to you? I mean, of course there's the HUL that you've lived over the last two decades and then there's the HUL that you've discovered through the research. What would you say are the two three things you didn't appreciate enough when you started out writing this book?

SS: I think the thing which at depth that I understood was this entrepreneurship and maverick-ness about the genetic makeup of this company, which is not obvious when you're in the coal face because you think you only see the process, but you don't see the entrepreneurship that a large company like this allows at various points in time, it doesn't allow wanton entrepreneurship, that's also true. That has certainly been something which is new to me. So, if you tell people what's the first thing that you think about Levers, they are not going to say entrepreneurship, right? But the fact is you don't survive doing extremely well for 60 years if you don't have entrepreneurship. The other thing that surprised me was the passion for the companies that people who have long retired or have left the company and our CEOs they still call it our company and the remarkable similarity in the stories that they would narrate with respect to the values of the company. So, the other thing which is almost nobody in HUL will know what the official values of the company are but I have a suspicion that a lot of people live it and you see it when you go outside. These are the two things that surprised me.

DJ: Sudhir, pleasure talking to you.

SS: Thanks DJ.

DJ: Thanks so much for making the time and good luck with the success of the book.

SS: Thank you. Thanks. Great.

Reflections from Deepak Jayaraman

DJ: I hope you found the conversation as purposeful as I did. To listen to more content by guest or by topic, please visit playtopotential.com. If you are deriving value from the podcast and want to show your gratitude, please considering paying it forward to Antarang Foundation, a Not for Profit that I work with closely that helps young kids from challenging backgrounds play to their unique potential. Please visit the pay it forward section at playtopotential.com to know how.

During the conversation, Sudhir refers to Prof A.K Jain (AK. Jain) of IIMA a few times. I had the fortune of learning from him as well and also had the privilege of interviewing him in campus in the context of a felicitation that was organized by some of us led by Rama Bijapurkar. He spoke at length about his journey, his belief system, philosophy behind his pedagogy and more. You can just go to YouTube and type AK Jain and my name Deepak Jayaraman and the video links should pop up.

AK. Jain: *"for me in the classroom the sky is the limit, if anything needs to be done that would be afterwards because my purpose is very clear. They kept saying, this course was not push to the wall, push through the wall, so if you are good enough you will learnt to fly and not fall down, if you are not good enough you will go down, so over time people come up, everybody has enough capability as I say by enlarge there is no serious problem, it's the matter of pushing oneself"*

DJ: Next up in the podcast is James Clear (JC), the author of Atomic Habits. As you go about making New Year resolutions for 2020, hopefully this conversation will help you convert some of these resolutions into sustainable habits.

JC: *"So, I like to refer to habits as the compound interest of self-improvement and what I mean is that the same way that money multiplies through compound interest the effects your habits multiply as you repeat them across time and the challenging part of any compounding process is that the greatest returns are delayed and so on day 1 or day 10 or day 30 you don't really have very much to* *show for your effort, the curve only takes off down the line once you hit that hockey stick portion once it really takes off and this is exactly what it feels like to building new habit, like what is the difference on day 1 of eating a salad for lunch or eating a burger and fries, not a whole lot, you know, like your body looks the same in the mirror at the end of night, the scale hasn't really changed, you don't really have anything to show for the effort that you are putting in. It's only 2 or 5 or 10 years later that you turn around and it's like wow, those daily habits really do add up. So, in that way building habits is kind of like this exponential curve, you rethink I will put a little bit of work in and I will get a little bit results so I'll put a lot of work in and there will be a lot of results. But really, it's much more about time and letting it work for you and just getting 1% better each day can count for something very significant in the long run."*

DJ: Thank you for listening and look forward to having you tune into some of the subsequent conversations at the Play to Potential Podcast. Signing off, this is Deepak Jayaraman. You can find me at djayaraman on LinkedIn and dpakjraman on Twitter. To know more about the work I do, you can see the About the Host section at Playtopotential.com. Bye now.

End of transcription

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Nugget from Tasha Eurich that is referenced: Limitations of introspection.

Nugget from Indranil Chakraborty that is referenced: Deliberate practice.

Nugget from Vinay Sitapati that is referenced: Making/Not making key decisions.

Nugget from Alan Eagle that is referenced: Dealing with aberrant geniuses.

Nugget from James Clear that is referenced: Plateau of latent potential.

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Authenticity: As we move into a Digital world where leaders are a lot more "out there", there is a greater premium on authenticity today than possibly a few years ago. Leaders across fields talk about what the word means to them and how it influences their behaviours and choices. You can access the playlist here.

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Sudhir Sitapati - Nuggets

- 51.00 Sudhir Sitapati - The Full Conversation
- 51.01 Sudhir Sitapati - Getting the problem definition right
- 51.02 Sudhir Sitapati - Choosing to stay in HUL
- 51.03 Sudhir Sitapati - HR - a department with teeth
- 51.04 Sudhir Sitapati - Entrepreneurial Professionalism
- 51.05 Sudhir Sitapati - Identifying and nurturing potential
- 51.06 Sudhir Sitapati - Building a personal brand
- 51.07 Sudhir Sitapati - Specialization versus Generalization
- 51.08 Sudhir Sitapati - Core Competence versus Competitive Advantage
- 51.09 Sudhir Sitapati - Company men, Mavericks and Rogues
- 51.10 Sudhir Sitapati - Secret sauce behind the culture

About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work here.

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