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## Context to the nugget

Sudhir speaks about what makes the HR function in HUL effective. He speaks about the structure of HR where it is an independent function but is embedded in the business. He also speaks about why HUL doesn't label people as heroes or villains too quickly. He speaks about a process where for about 10-12 years, people grow gradually but subsequently, they accelerate or decelerate based on their potential.

## Transcription

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Deepak Jayaraman (DJ): 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 are 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.

Sudhir Sitapati (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 an 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.

## Reflections from Deepak Jayaraman

DJ: Sudhir's point about not labelling people too early is an interesting one. Building on what he says the other thing to bear in mind is that axis of growth can be different at different points in your career. I used to be at McKinsey earlier. If I take the career path in a McKinsey or a BCG or Bain, the initial 4 odd years are often about how good you are at problem solving and in being a good team player. The next 4 odd years are about how you lead teams to deliver outcomes and the journey after that is often about commercial success in the market which is anchored around your ability to build client relationships and your commercial acumen to service the client needs profitability given the resources in the system. There are multiple "what got you here will not get you there" inflection points in the journey. With this structure, when you create a cohort of heroes based on Phase 1, and they hit a speed-bump and then it leads to an interesting dynamic of misplaced entitlement on one side and recalibration on the other side.

HUL's model is an interesting one indeed in the context of building grounded leaders over the long run.

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## End of nugget transcription

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## 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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