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Context to the nugget

Sudhir speaks about how HUL has this unique DNA which is a mix of professionalism and an entrepreneurial orientation. He speaks about how some of the early exposure to trade gives individuals an exposure to how Indian entrepreneurs think. He goes on to say that there are strong processes that reinforce professionalism and sharing of stories which drive entrepreneurship leading to this unique combination of the two.

Transcription

Deepak Jayaraman (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.

Sudhir Sitapati (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 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: It is fascinating to hear Sudhir speaking about the early exposure to trade as a training ground to build the entrepreneurial DNA during the formative years of a professional's work experience. It was also fascinating to hear Sudhir talk about how processes reinforce the professionalism while stories build the entrepreneurial culture.

One of my earlier guests in the podcast, also an HUL alumnus was Indranil Chakraborty (IC), who has written the book *Stories at Work*. He shared this instance of Mukul Deoras learning from a young boy in the kirana store

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 distributor 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.

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End of nugget transcription

Nugget from Indranil Chakraborty that is referenced: [Deliberate practice](#).

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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
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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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