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Context to the nugget

Sudhir speaks about the distinction between these two terms that could often be confused. He goes on to say that HUL's core competence is the ability to understand consumer needs and giving brands to solve those needs. He goes on to say that its strength in some of the other areas like distribution might be a competitive advantage but that is not the "heart of the gig" it is in.

Transcription

Deepak Jayaraman (DJ): 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?

Sudhir Sitapati (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.

Reflections from Deepak Jayaraman

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End of nugget transcription

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Sudhir Sitapati - Nuggets

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- 51.01 Sudhir Sitapati - Getting the problem definition right
- 51.02 Sudhir Sitapati - Choosing to stay in HUL
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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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