

# Levers of power

*From learning to play the keyboard with senior colleagues to benefitting from the parent firm's scale and capability, lever-aging is a key word in the HUL CEO's lexicon*

LUNCH WITH BS | NITIN PARANJPE

**N**itin Paranjpe's family used to call him a "modern-day Aurangzeb" given the distance he kept from the finer things in life. Two summers back his brother finally agreed to drop the nickname only if he could develop an ear for music, write **Shyamal Majumdar** and **Ruchita Saxena**.

Music was something for which Paranjpe had neither the time nor inclination; but determined to live up to the challenge thrown by his brother, he started taking keyboard lessons. He can now play about a 100 Hindi film music tunes and has formed an informal team of Leverites who play the keyboard along with him. It helped that Hindustan Unilever Limited's (HUL) new management committee (eight top HUL managers) are in their early 40s. His family has dropped the nickname.

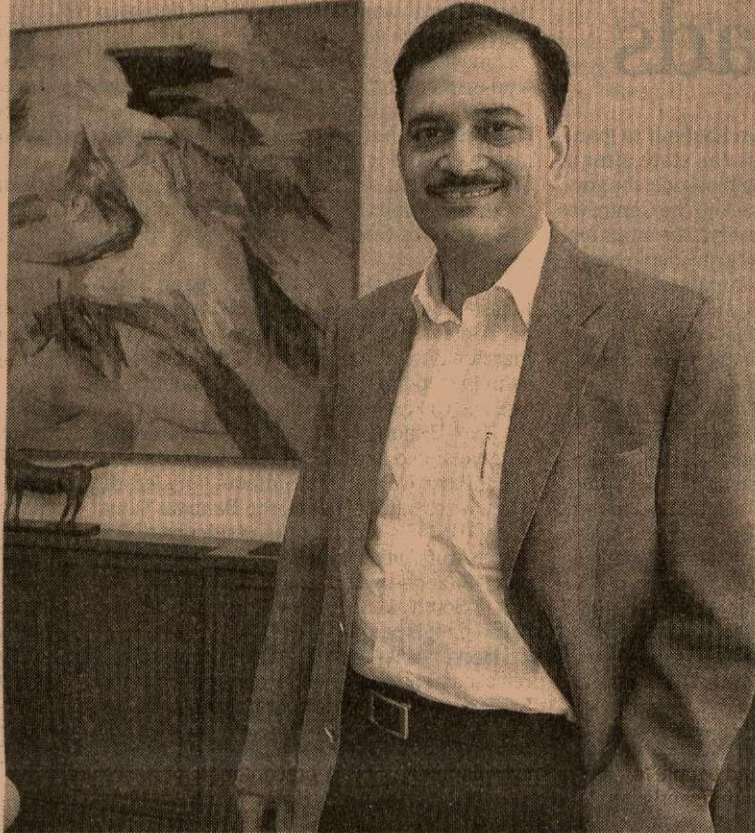
The 45-year-old MD & CEO of HUL says this has given him a vital lesson in life: you need not be immensely talented to succeed in a project as long as you are determined to succeed and are willing to put in that extra effort.

We are in the terrace room at HUL's imposing headquarters at Backbay Reclamation in Mumbai. Paranjpe asks for warm water as he is suffering from a throat infection and wants us to hear him loud and clear. The youngest ever occupant of the corner office at HUL is, by his own admission, a CEO with a difference. His CV doesn't boast an IIT or IIM badge; he is not extra fond of management books; has remained a one-company man for 21 years; returns home by 7 pm almost every day; listens to Vedanta philosophy on Sunday mornings and enjoys teaching his children over the weekends.

As an MBA student at Jamnalal Bajaj Institute, Mumbai, he used to dream of getting into Hindustan Lever (as it was then called), India's largest FMCG company. When he finally got the "high of his life" after Hindustan Lever gave him a job, he says he would have been delighted if he could have risen to head of sales or marketing in the company.

"Any job beyond that would be a bonus. My motto has been simple: be focused on your current job and do that well," he says. His career graph shows the management at Lever has been quite generous in doling out 'bonuses'.

He finally realised he is a 'lister' — HUL jargon for those on the superfast career track — when his boss once asked him to spell out his career ambitions. Paranjpe, then a brand manager, replied he wanted to become a regional manager.



He forgot about the conversation, but his boss didn't as two weeks later he got a double promotion and was made the south India regional head. It turned out to be a tough assignment as it coincided with the company's products being boycotted in Kerala. For the first time in his life, Paranjpe realised that he was capable of managing more than he had imagined. "Every manager must have one or two tough assignments. When you have to achieve more than what available resources permit, you grow professionally as well as mentally", Paranjpe says.

The food is an elaborate Indian fare — roti, rice, paneer, mutton korma and grilled prawns with lots of vegetables — and tastes good. Paranjpe avoids the prawns but gives us an appreciative look as we choose not to follow him. He is health conscious and plays a game of squash often. This, of course, is becoming infrequent now that his 14-year-old son is playing better than him.

As the occupant of the corner office, what's his new strategy going to be? Paranjpe says HUL, like some of its competitors, has a great strategy in place. What will make the difference is the power of execution. The company is lever-

aging the capabilities and scale of its parent company and focusing on the value of execution. Cost reduction through technology is another priority.

Though HUL will continue to straddle the whole pyramid as far as price points are concerned, the company also recognises the changing market dynamics of the growing number of affluent households in India for whom price is not that big an issue. There are around eight million such households in the country, and the number is expected to double in the next three years. It's an opportunity no company can afford to ignore. As Paranjpe puts it, "It's amazing how people are willing to pay extra for little beauty jars".

The other piece of good news for both Paranjpe and HUL is that inflation hasn't compressed consumer demand and net sales growth in the June quarter was the highest in the past 10 years — and growth has averaged 19 per cent in the past three quarters. Rising cost pressures are still a problem, but Paranjpe says HUL will never focus on margins at the cost of top line.

Food is one area that has been a laggard due to intense competition, but Paranjpe

says the segment is reaching a tipping point. "The platform has been built for the future, things will change. Please don't forget packaged food sales are still just 5 per cent the value of fresh foods." So expect launches, brand extensions and innovations steadily hitting shop shelves. It helps that Unilever has a huge food portfolio that is waiting to be unleashed in India.

He graduated from the stairs to the elevator in his career when he was made the head of the laundry category during the detergents' price war between Procter & Gamble and HUL in 2002. For the first time in his career, he suffered from self-doubt as he was unable to meet the numbers target. The top line just refused to budge as consumers shied away from HUL products, often preferring cheaper alternatives.

But the management obviously felt otherwise as he went on to become the executive director (home & personal care) soon after. The reason was obvious: the platform he built during those days helped HUL regain its glory in subsequent years.

Though HUL has changed its management strategy swiftly with changing times, Paranjpe is clear that the one practice which has and will remain constant is sending managers to rural areas early in their career. "Selling soaps to a shopkeeper in a remote village gives you invaluable lessons. You start listening to the market; you empathise with problems that a salesman faces — these are lessons no B-school can ever teach you," he says.

Lunch is long over, but Paranjpe does not want to leave in a hurry. He says executing the new gameplan of HUL means a lot of hard work. And that often means starting work at 5 am so that he doesn't have to compromise on the time he wants to spend with his family. He thinks his wife, who is now on a sabbatical from her job at Wipro, is better than him in multi-tasking.

The person he treats as his idol is his father, a retired IAS officer. "I didn't have to go too far to learn the power of integrity," Paranjpe says. His fondness for teaching his children — even his neighbours' children at times — comes from his mother, who even at the age of 70 runs a school for under-privileged children which has over 1,000 students.

When he finally leaves HUL, Paranjpe wants management trainees feel the same excitement he did 21 years ago. "The wow factor of working for HUL must remain," he says. His bosses would be pleased with that answer.