

# We're not just 'happy-clappy', productivity counts too

**At HUL, a lot of attention is paid to developing a good work environment, one in which employees are expected to deliver the best they possibly can.**

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*In the first part of this interview published in these columns on September 19 (HUL's school for leadership), Leena Nair, Hindustan Unilever's Executive Director, HR, spoke about the rigour that HUL undertakes in its leadership development process. In this second and concluding part, Nair talks about how the FMCG behemoth engages with its employees, how it tracks performance and productivity and its compensation structure. Excerpts:*

**How do you engage with your employees at different levels? What is the process?**

A number of things are done on that. One is in terms of really listening to employees. Every fortnight, 10 to 15 young managers are randomly picked to have lunch with Nitin (Nitin Paranjpe, MD & CEO). He starts by saying he's happy if they speak their mind; sometimes when it gets too positive, then he will say OK, tell me the one thing that you hate the most. So he will force them to surface what's not working, even if some of them are shy to say it. You want feedback on what to improve.

We also are concerned about the health and well-being of our employees. We have what we call a vitality index where every person is measured on key parameters: blood pressure, cholesterol, diabetes and BMI. We had about 8 per cent of employees in the "red" zone, meaning a risk profile, and we would like them to get healthier. That's now down to 4 per cent, as measured in comparison to 2008.

We have an occupational health centre that is pretty world-class. At the food court, if you want to lose weight, there is a whole counter which helps you to take diet food.

So, we're putting employees at the centre of everything we do. We're doing stuff that would make a difference to them. Whether it is physical fitness, stress counselling or workshops to learn yoga. There's a marathon runner who comes three times a week to train our people, we have gym experts, meditation centres, we have a young manager who runs meditation sessions himself — he started his own 'My-club' here.

So it is about listening to employees, making sure their views are built into what we do. It is about engaging them in the journey of the company. So we run vision workshops for everyone, including the last workman on the packing line.

**We see a lot of young people around,**



**does it take a lot to keep them engaged and also prevent attrition?**

People must always feel that the future of this company is exciting. I want to be a part of it is something that engages people. So, we have to see the jobs are exciting. We make sure that they have responsibility at a very young age. You finish the management training and you could be handling a Rs 400-500-crore region, handling a team of 25 people directly working under you! This is your first job.

My first job was in a factory with 500 people to restructure it, and it had a turnover of Rs 150 crore. I had never signed a cheque for more than Rs 5,000 in my life till then. Early responsibility, really stretching you, and exposing you to new dimensions. So, early responsibility has always been the philosophy. We started bettering it. Earlier, it would take 16-17 years to reach the level of vice-president; today, you can reach in 13-14 years. We have crashed the timelines...

**What is the average age of the employees?**

Around 38-40 years. The managerial talent should be even lesser. So we worked hard to make it younger. People get responsibility early on and they find that challenging.

The second thing we believe keeps employees happy is immediate bosses. Because people leave the companies if their boss is not a good leader. So we measure all bosses on how they engage with their teams and if people are happy with them. We get data on those who are doing a lousy job. We have personal sessions with their line director, with the HR director, if it's at the level where they need warnings, or they need help, or they need coaching. You can't be a lousy boss and get away with it saying that 'I am performing well, so nothing else matters'. You cannot sustain performance. The third thing that engages people is knowing that the company has a future. And that's where the vision workshops, continuous reinforcement of playing the opportunity of the Unilever vision, the HUL vision makes a lot of sense.

The fourth thing we feel engages people is



Leena Nair (on left), Executive Director, HR, Hindustan Unilever. (Above) Inside HUL's corporate office in Mumbai. — Shashi Ashiwal

feeling secure about their own future. At some stage they will say, 'Okay, the company has a great future. But what do I have in it? What am I going to be doing?' Which is where all these performance and capability cards come in, which is what we call leadership moments. Seven times in a year a boss gets to speak to his subordinates. It is a big opportunity. You can build a person, appreciate him, give him a sense of what is happening to him when you set and review targets. So these are occasions where the boss necessarily has to discuss the performance and potential.

And we really coach all our line managers and bosses to get those leadership moments really done well, so that people go away feeling secure, knowing where they stand, feeling insecure if they are not doing well, by the way, but having clarity. That's where the e-performance and capability cards, which they get in early April, come in handy. You can see how clear it is. People really have no way of saying, 'I don't know whether I am doing well or not'.

**So, do people need to have a personality shift if their personality is not conducive to team-building?**

Yes, we do coach them and provide them support to work on it. 'Building Talent and Teams' is an important leadership behaviour at Unilever. Teaming and collaboration is the cornerstone of success. We need people who are team players and work together to achieve the goals set out for them.

Coaching and mentoring is an important constituent of our leadership development process. We have a structured mentoring programme called 'Alchemy'. In addition, we also have regular 'sip-and-share' sessions where knowledge and learnings are shared across varied areas from marketing, HR analytics to leadership. Recently Nitin (Paranjpe, MD & CEO) addressed employees about the importance of honest conversations, and how to give and receive feedback. He shared some personal experiences of leadership moments that have had a signif-

icant impact on his professional life.

**After you do all those things, people need to be paid well?**

Yes, you have to ensure that people are paid fairly. It's never reason number one that makes people join and leave the organisation, but it is important. We ensure that there is a good balance of variable, fixed and stock. We review it every year, benchmark it with a basket of companies (which is mostly FMCGs, some telecoms and banks) and make corrections to ensure that we are paying fairly. Differentiation in salary is made basis performance — so it is not that everyone gets the same salary.

An important part of reward is recognition. We as Indians have this tendency to first notice all the missing pieces, not the pieces that are already there. People these days are leading a really stressful life, running around to balance their work and life in this fast paced world. We just make sure that they get a little pat on their shoulder to make them feel good about a job well done!

**Is there a higher variable compensation compared to a few years ago?**

Yes. In the last 2-3 years, we have upped the variable component by more than 100 per cent.

**Is that benchmarked to the overall company performance or the performance of the brand they work for?**

Both. There is three-level linkage, overall business has to deliver. If it doesn't, then there are no rewards coming. Then, the performance of team that you may be a part of, and then your own performance.

**So, do all these things you do enhance productivity?**

Making sure people productivity keeps going up is very important. The performance culture we have brings an understand-

ing of what employees can do to enhance their own performance in the company, because this not all touchy and feely, it is about being hard-nosed about productivity. We rigorously measure productivity — sales, revenue and profitability per employee. We ensure we have the best benchmarks in the world. We have Unilever benchmarks and also have other company benchmarks.

The point I am trying to make is — it is important to have a great work environment, but given the great environment and everything else, we want them to perform better than what they could have ever done in the past. It is not just about being a happy-clappy organisation, you have to see it all translating to business performance.

**What about attrition levels at HUL?**

We have been at attrition levels of less than 7 per cent for the last 3-4 years. But I would be the last person to become complacent about this. Firstly, whenever the talent market heats up, the first target is HUL. We are a huge poaching ground. We have to keep intensifying our efforts because the Indian talent market in 2011 is much more competitive than it was in 2010. Employee engagement, leadership development and transparency are some of our focus areas to make sure employees feel like they should stick around with HUL. We call it stickiness. People must feel and want to be a part of us! 2012 and 2013 — we haven't seen anything yet — there is going to be a quality talent shortage. Everyone is going to grab the good people — and there is such a huge quantity of good people sitting in HUL: 1,500 managers — all trained, polished, on their journey of leadership development through coaching, training and so on. So a lot more needs to be done in this space.

**(Concluded)**