


GROWTH BY DESIGN

# A 24x7 Leadership Machine Called HUL

Managers are handpicked, groomed meticulously, evaluated and allowed to chart their own growth path. At Hindustan Unilever, leadership training is an organisational goal



**For A Bright Future**  
HUL is taking the task of grooming young executives for leadership roles seriously

**TRAINING MODEL**  
► The HUL model of grooming human capital is built around 3 key pillars of leadership such as development, organisational readiness for the future and broad-based talent development. The company uses a '70-20-10' model for developing its workforce. Nearly 70% of the learning happens on the job, 20% through mentoring and 10% at training courses

**TIME SPENT**  
► HUL has spent 60 odd years developing its leadership factory, ever since the company got its first Indian chairman, Mr Prakash Tandon in 1961. Since then, HUL has been churning out leaders to be placed within the firm and its parent company Unilever. A decade back it took 16-18 years of experience to get to a senior management position. Today, the cycle has been cut to 14 years

**We discuss mostly behavioural issues on standards of leadership and how I can inspire people I work with**  
Deepika Bhan, Senior Regional Brand Manager, Hair, South Asia, Unilever

**We are looking at people who are curious, inquisitive, want to make a difference and have a sense of optimism. It is this sense of optimism and self belief, which also gives these people a certain degree of resilience to persevere till they get outcomes**  
Nitin Paranjpe, CEO, HUL

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MUMBAI

Ankush Punj, a manager with organisation development at Hindustan Unilever HUL, made a presentation to the management committee some time ago. He highlighted certain practices HUL's competitors followed which his company might do well to replicate. The management committee approved about 70% of his recommendations, but Punj went ahead and implemented the remaining 30% as well in his business practice. But HUL didn't hold that against him. "They gave me a free hand to implement these recommendations, even though they didn't work, and had to be later rolled back," says Punj, 30.

Those familiar with the workings of India's FMCG behemoth will vouch that this was in line with HUL's policy of giving a good degree of autonomy to its managers. Besides being assigned responsibility at an early age, managers are also allowed to slip up every now and then.

"We are looking at people who are curious, inquisitive, want to make a difference and have a sense of optimism," says CEO Nitin Paranjpe. "It is optimism and self-belief which gives these people a certain degree of resilience to persevere till they get outcomes." As one of the company's youngest chief executives, at 44, Paranjpe certainly knows what he's talking about.

This perception is shared by those outside the company, particularly students entering the world of work. In a 2009 Nielsen CampusTrack Business School survey, HUL was named the 'dream company' to work for by almost 64% of management students graduating in 2010. This year too, Nielsen's survey says HUL is one of the top five employers of choice. Factors driving students' decision are good job prospects, a high degree of independence, good market standing and a decent salary.

Besides offering these, HUL provides year-round leadership

training programmes, global job opportunities, a mapping of employees' potential and a three-year career projection, should they choose to stay on in the company.

The HUL model of grooming human capital is based on three pillars: leadership development, organisational readiness for the future and broad-based talent development. The company uses what it calls a '70-20-10' model for developing its workforce. Nearly 70% of the learning happens on the job, 20% through mentoring and 10% in training courses.

With an employee strength of 16,588 and each year adding another 40-50 B-school graduates in their early twenties, the Business Leadership Trainee (BLT) programme becomes significant.

THE ECONOMIC TIMES  
**YOUNG LEADERS**

"These are people who we believe will be the future leaders of this organisation," says Paranjpe. The BLTs spend 15 months learning the ropes of managing large operations and interacting with customers. They have a compulsory four-week rural stint where they spend time understanding the rural customer. Besides BLTs, the company also hires 30-40 recruits with three to five years' experience. Since the target age group of potential young leaders is between 26-32 years, performance and leadership go hand in hand.

The Leadership Development Tool helps plot employees with the highest potential (around 10% of the workforce) and they are called 'listers' who have the capability to grow vertically in the organisation. Next come the sustained high performers, who account for 15% of the workforce. "These 25% are invested in a lot more heavily than others," says Leena Nair, executive

director, human resources. "We also have additional training opportunities for non-listers, which either motivates them to improve or opt out." In fact, "every person knows how they are rated and their assessment process is transparent," adds Nair.

For Punj, the LDT is a key motivator which drives his performance and helps him stand out among peers. "It's a huge high to see my rating on potential and performance on the LDT as it brings recognition and motivates me to stay on," says Punj, who is likely to move into a global position soon. As CEO, Paranjpe has his task cut out. In addition to spotting young talent from within, he also has to reach across to Unilever. He is currently mentoring two people at the global headquarters, and has had to tailor his mentoring style to suit the demands of a new generation. "This group of young leaders doesn't take too kindly to talk-down or directive styles of leadership," he says. "They want to be treated as equals, want to be engaged, and want the opportunity to contribute." This is the reason HUL encourages open and two-way communication, where it becomes possible to fully engage with young leaders and give them a platform to voice their views. One of the tools HUL uses is the 360-degree feedback, where individuals are rated on feedback they get from both seniors and subordinates. For example, a mentor can be evaluated by his mentee. "If the feedback shows they are not doing a good job, they get a letter from HR asking them to improve their mentoring skills," says Nair.

Deepika Bhan, 30, senior regional brand manager, hair, for South Asia at Unilever has a mentor from the senior management team with whom she catches up once or twice a month. "We discuss behavioural issues on standards of leadership, and how I can inspire the people I work with," says Bhan. When she joined the company six years ago, she was in sales and found herself leading a team of people who had been the organisation

for 15 years. "They give you a lot of responsibility at an early stage," says Bhan. Today she is heading the company's hair-care brand, Clinic Plus, in a regional role with Unilever. Her appraisals and interactions with peers and managers, have helped her develop the confidence and take up more responsibility as she moves up the ladder.

It's no surprise then, that the average attrition rate at HUL is at 5% — much lower than the FMCG average of 18%, says Nair. Recognition through the LDT and rewards to best performers are a good retainer. Hindustan Unilever recognised early that its success would be determined by the young talent it can attract, groom, motivate and retain. Ever since naming the company's first Indian chairman, Prakash Tandon, in 1961, HUL has cultivated its leadership factory with care and churned out leaders to be placed within HUL and the parent Unilever. Nair says: "A decade ago, it took 16-18 years of experience to get to a senior management position. Today, the cycle has been cut to 14 years."

HUL has produced many business leaders for corporate India, and its leadership-building potential was recognised when it was ranked fourth in the Hewitt Global Leadership Survey of 2007, just after GE, P&G and Nokia. According to former HUL veteran Kannan Sitaram, who is operating partner at India Equity Partners, the top 200 senior management names in corporate India have come from HUL. "Talent nurtured at HUL is valued by the industry," he adds. Management guru Ram Charan devotes an entire chapter to HUL in his book, 'The Talent Masters'. "No other company we know of recruits and trains people from day one with the explicit aim of growing leaders able to reach the highest levels. And in no other company do we know of senior managers who work so directly with rising leaders," he writes.

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