

IN CONVERSATION WITH OUR MANAGING DIRECTOR

What is 'Future Now' all about?

We have ambitious growth plans. We aspire to become an emerging markets FMCG leader and delight our consumers with superior quality, world-class products at affordable prices. We believe that there are significant opportunities for growth in our core geographies and categories. In order to leverage this tremendous potential, we will need to become more agile and future ready as a company. So, we are building on the strong leadership positions of our brands, investing heavily in innovation, looking for ways to capitalise on the potential of our international businesses and ramping up our sales, supply chain and manufacturing systems. We are also ensuring that we have the right talent on board to lead all these efforts. This exciting, transformational journey at GCPL, is what we have named 'Future Now'.

Tell us more about innovation at GCPL and how it is driving incremental growth.

Innovation is a key driver of our growth strategy. Over the last few years, we have re-architected our approach – we are accelerating our innovation

pipeline, ramping up internal capabilities, investing significantly in Research & Development and sharing learning across geographies to create more exciting products. We also have cross-functional teams from across Design, Marketing, Innovation, Research & Development and Supply Chain, who come together to drive these different innovation projects.

In our India business, we have introduced several new products and renovations over the last couple of years, including air fresheners, crème hair colour in a sachet, anti roach gel, paper-based mosquito repellents, shower gels, the most powerful liquid vapouriser in household insecticides, a range of hand washes, hand sanitisers and personal repellents, facewashes and a range of premium hair care products. We have also launched a number of new products across our international businesses. In fact, GCPL was the highest ranked Indian company, at number 24, on Forbes' list of 'The World's 100 Most Innovative Growth Companies 2015', for the second year in a row.

Our focus on innovation has allowed us to not just build on our core categories, but also find new, emerging footholds in adjacencies and thereby broaden our portfolio and drive additional sales. Today, almost 40 per cent of our incremental growth



Vivek Gambhir
Managing Director

is being driven by these new launches. Our innovations address the bottom of the pyramid as well as provide premium benefits to our mass consumers, and are helping us accelerate our growth. For example, a couple of years ago, we democratised the crème colour category by introducing a disruptive crème hair colour in a sachet, a first for the Indian market. Good knight Fast Card, our hugely successful paper-based mosquito repellent at just one rupee, was designed as solution for the under penetrated rural market. Recently, we have extended our Godrej No. 1 soap brand to include a facewash range and created India's first ever multi-use facewash sachet.

“ Today, almost 40 per cent of our incremental growth is being driven by our new launches ”

How has GCPL rewired its approach to Marketing?

We follow an Integrated Marketing Communication approach, where the focus is on one big idea for each brand and driving impactful execution across all mediums: mass media advertising, online marketing, trade engagements, consumer engagements at the point of purchase and public relations. Our Cinthol brand, for example, is built around the idea of 'Alive is Awesome'.

Becoming 'Digitally Fit' is critical for us. This is not a choice between digital and traditional marketing, but an integrated approach, which makes digital a key part of the overall marketing strategy. We want to accelerate digital adoption and embed digital in our overall culture. So, we have hired digital managers as part of our brand marketing teams who are closely involved in the overall brand strategy. We are exploring different platforms and developing digital specific content, instead of just tailoring regular communication for digital use. Experimenting with mobile technology for more engagement and outreach is also an important area of focus.

Similar to our efforts on digital, we are also in the process of creating a separate team to spearhead rural marketing initiatives in our key rural markets. This is part of our larger 'One Rural' drive.

Our approach overall, is more 'whole-brained'. We are doing a lot more experimentation and prototyping and employing design driven thinking to come up with faster and better innovations. As part of our collaborative approach, we have set up cross-functional teams to drive our innovation agenda. We are investing significantly in ramping up Research & Development, as well as building specialised teams to support Design, Innovation and Packaging.

At the same time, we are leveraging data and setting up sharper processes to drive decision-making. In order to better optimise marketing spends, we are piloting marketing mix modelling and assessing other Return On Investment analytics. We are working closely with specialised agencies and our Marketing, Sales, Market Research and Media functions, to drive these efforts, and hope to see results in the year ahead.

Our teams are also spending more time on research. Consumer Quest, our consumer connect initiative, ensures that our team members across different functions spend time in conversation with consumers across the country. We have set up an in-house research team, which works closely with our brand teams. We are also investing in larger scale, behavioral science research.

International now contributes to half of GCPL's overall revenues. What is your outlook for these businesses?

Our approach to international expansion follows what we call a 3 by 3 strategy - building a presence in 3 emerging geographies (Asia, Africa and Latin America) across 3 categories (personal care, hair care and home care). We have considerably scaled up our international presence over the last five years, in line with our growth aspirations of becoming an emerging markets FMCG leader. Close to half our overall revenues now come from these geographies and our products are available in over 60 countries. Over two-thirds of our team members are also based outside India.

Our focus for the last few years, has been on successfully integrating our acquisitions and crafting a roadmap to realise the full potential of these businesses. What makes our approach unique, is that we are committed to sustaining the entrepreneurial spirit of our acquired businesses, while leveraging the benefits of scale that GCPL has to offer. So, we are working closely with our teams to build on our strong local brands and set up best-in-class processes. We are also driving a lot of cross-pollination of ideas and technology across these businesses.

“ What makes our approach unique, is that we are committed to sustaining the entrepreneurial spirit of our acquired businesses, while leveraging the benefits of scale that GCPL has to offer”

We believe that there are tremendous long-term growth opportunities in emerging markets. These geographies are home to 80 per cent of the world's population. They are also slated to account for over half of the increase in global consumption, going ahead.

As we see it, as incomes increase, middle class consumers with rising aspirations will seek new and exciting products, and new categories will be created. A large section of the population will also finally be able to afford branded consumer goods and will be looking for quality products at accessible price points. New distribution channels too will improve availability and enhance the buying experience. There will be a lot of growth potential in driving penetration and increasing consumption in our core categories, as well as extending into attractive adjacencies. We are well poised to address these opportunities.

Why did GCPL make the move to reorganise its businesses into clusters?

Last year, we organised our international business operations into clusters - Africa, Latin America & Europe, and Rest of Asia - to become more agile, provide greater focus and enable more cross pollination, while sustaining the entrepreneurial spirit of our unique multi-local model. The cluster heads, who are all seasoned Godrej leaders, became part of the GCPL Leadership Team and have been more closely involved in the overall business.

We also made our various functions like Human Resources, Supply Chain, Innovation and Research & Development, more global to better support our international operations and drive greater synergies. Our experience with this structure has been very positive.

As a next step in this journey, we have now extended the cluster structure to our India & SAARC business. We believe that this business is poised for tremendous growth. Our new structure will enable us to get better prepared now to achieve our aspirations for the future, while providing tremendous developmental opportunities for our team members.

What is GCPL doing to drive growth in rural India?

Rural accounts for 35 per cent of the overall FMCG sales in India. 65 per cent of FMCG growth also comes from this segment. It is, therefore, an important focus for us and we continue to make efforts to deepen distribution and reach. As a result of our efforts, Rural, which comprises close to 30 per cent of our India sales, is significantly outpacing Urban growth.

The rural consumer is also evolving fast and increasingly seeking branded, quality products. The emergent 'rural super consumer segment' in fact, is of particular interest to us. If you look at the data, today, the top 35,000 villages in India contribute to close to half of all rural consumption. This is a significant opportunity for us to tap into. So, our focus is on driving smarter and increased rural extraction. This involves enhancing productivity in the top 20,000 villages. In line with this, we are now ramping up sales manpower and setting aside focused marketing investments for these areas.

We have launched a 'One Rural' programme to leverage cross-functional efforts from across Sales, Marketing and Media. This helps us better explore rural media opportunities, fine-tune our rural go-to-market strategy and use technology to measure the effectiveness of spends and support better decision-making. We are also in the process of creating a separate team to spearhead rural marketing initiatives in our key rural markets.

How is GCPL's demand-driven global supply chain a competitive advantage for you?

Leveraging a global, best-in-class supply chain to become more agile, is imperative for us. We have integrated leading practices in demand driven supply chain, continuous replenishment and the Theory of Constraints, to make us more responsive to continuously changing consumer demand patterns. As a result of these efforts, we are clocking higher fill rates, which are now an industry

benchmark. We have mapped these cutting edge replenishment practices to the Advanced Planning and Optimisation module of SAP. These practices have now been deployed across our international businesses.

We are also equipping our manufacturing systems to become more flexible, with adequate capacity buffers, to support this agility in responding to changes in demand. This is being done through capacity de-bottlenecking using total productive maintenance, lean manufacturing, six sigma and low cost automation. Given the response to our new products over the last couple of years, we are also ramping up manufacturing capacity across geographies.

Our other initiatives are also complementing these efforts. Global strategic sourcing is resulting in significant benefits to our bottom-line. This year, we launched a project on bar coding shippers, which is progressing well. It helps improve the 'freshness' of our products at time of sale, while offering better logistics practices and product traceability.

Building a strong pool of women leaders is increasingly becoming a focus for companies today. What is GCPL doing to drive this?

At Godrej, we believe strongly in building and nurturing diverse teams. We have a Diversity & Inclusion programme that runs across our group of companies. One of the principal areas of focus is attracting, retaining and developing top female talent, so that we have a robust pipeline of potential leadership for the next three to five years.

We are reviewing our policies and infrastructure to ensure that we are providing the support that our talent requires to thrive at work. Our maternity policy of full pay for six months is generous, even at a global standard, and we are endeavouring to create an open and inclusive environment for our female talent, who return to work post an extended break. We have multiple flexible work, part-time, and work from home options, to support this.

We have created resource groups for working parents with children, cross-company leadership networks, and workshops and trainings on professional development. With this programme in place, we are also starting to define specific goals in terms of female representation in our teams and at different managerial levels. We are confident that in a few years, we are going to see a different profile of Godrejites.

GCPL has again ranked as the number one FMCG company to work for in India. What do you think makes you an employer of choice?

Being recognised as a great place to work is an important part of our overall ambition of being a leading global FMCG player. We take much pride in fostering an outstanding workplace and are fully committed to providing our team members with great careers, great rewards and a great work environment. We are also benchmarking ourselves against best-in-class global perspectives and becoming world-class in our approach to attracting, developing and retaining talent.

We are fortunate to be able to build on the strong Godrej legacy of trust, integrity and respect for others. At the same time, our exciting and ambitious growth plans translate into us being able to offer unparalleled career opportunities relatively early on in one's career.

We believe that passionate, rounded individuals with diverse interests make for better Godrejites. We also understand that our team members play multi-faceted roles, both at home and at the workplace. This is why we encourage them, not just to explore their whole selves, but also create an enabling space for them to do so.

Core to our employer brand, is the philosophy of tough love. We expect a lot from our team members, differentiate on the basis of performance and potential through career opportunities and rewards, and lay particular emphasis on developing, mentoring and training. We expect 100/0 – 100 per cent accountability and 0 excuses.

“ We are benchmarking ourselves against best-in-class global perspectives and becoming world-class in our approach to attracting, developing and retaining talent ”

What do you think you could have done better this year?

There are three areas that I can think of, where we could have possibly done better this year.

In India, our growth in the second half of the year was much better than the first half. While much of this was driven by challenges in the overall macroeconomic environment, we should have been more agile, anticipated the growth challenges earlier on and overall, executed better in the first half of the year.

Innovation is key for us. While we have been driving our innovation agenda, our pace of new launches could have been better, both in our India and international businesses. What is encouraging though, is that we have a slew of new products ready for launch in the coming year.

On the Marketing front, while we have made some good headway in digital, we still need to learn faster, experiment more and become more innovative in our approach.

What is GCPL doing to promote more inclusive and sustainable growth?

As a Group, we have always actively championed social responsibility. We are now exploring ways to further this commitment through 'shared value' initiatives that create both social and business benefits. In line with this, we have crafted a vision for playing our part in creating a more inclusive and greener India, called 'Godrej Good & Green'. As part of Good & Green by 2020, we will aspire to train 1 million rural and urban youth in skilled employment, create a greener India and innovate for good and green products.

GCPL plays a key role in Good & Green. Employability is high on our agenda. We have introduced different programmes to achieve our goals, that are delivering good results. Godrej Saloni, trains young women in beauty and hair care; Godrej Vijay, trains rural youth in channel sales; and Godrej Sakhi, helps rural women to become entrepreneurs. As of today, we have trained 85,000 youth as part of these programmes. To manage scale, we have built infrastructure to measure impact, enhance partner and programme capabilities and invested in technology solutions.

We are deeply committed to building environmental sustainability into our operations. We have implemented several initiatives to reduce specific energy and water consumption across all our manufacturing locations. We have also set targets for improvement on environmental aspects for the near term, including energy and water consumption and greenhouse gas emissions. These are regularly monitored to ensure progress. Our Green software too helps us map, understand and analyse our environmental footprint, from raw materials to finished goods, across all factories.

Our teams are also exploring ways of developing products that are 'good' and 'green'. A great example of this, is Good knight Fast Card, our paper-based mosquito repellent. Malaria is a serious concern in India. We see some 24 million cases of malaria each year, with 90 per cent of our population residing in malaria prone areas. To add to this, in rural India, the penetration of household insecticides is very low because current products are either expensive or require electricity. So, to tackle this problem, we created Fast Card, which is available at just one rupee, breaks the price barrier, works instantly and does not require electricity.