

# FMCG Companies Ride on Indians to Win New Markets

Experience in the country prepares big guns for challenges in other geographies

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One of Sanjay Khosla's first moves after Kraft Foods acquired Cadbury for \$19.7 billion last January was to induct India into the list of top 10 priority markets. The executive vice-president of Kraft, who is also president (developing markets), says the idea of choosing India to be in the top 10 — among the 170 countries in which Cadbury operates — was to get away from “the control system in Chicago”, where the company is headquartered.

“I have given a blank cheque to our top performing markets like India,” Khosla told ET in a February 2011 interview.

Other markets that have got the “blank cheque” — or no cap on investment — status include Brazil, Russia, Mexico, China and South Africa.

India is one of the emerging markets where the action is. And global fast-moving consumer goods (FMCG) giants are realising that having an Indian at the helm of a global top brass works well not just for the India strategy but also for the entire emerging markets game plan. Kraft's Khosla has spent 27 years with Unilever, including a stint with its Indian subsidiary.

Khosla is not the only Indian dictating strategy at a global FMCG major. Come September 1, Rakesh Kapoor will take over as CEO of the UK-headquartered Reckitt Benckiser.

Currently executive vice-president in charge of category development, Kapoor began his career with Reckitt - then Reckitt & Colman - in the late 80s in India.

There is also Nandu Nandkishore, who was recently named the next executive vice-president of Nestle for Asia, Oceania, Africa and the Middle East. Nandkishore began his career with Nestle in India in 1989, and his international career started in 1996. Then, there is of course Harish Manwani, who heads Unilever's Asia and Africa businesses and is also chairman of Hindustan Unilever (HUL).

Consumer goods MNCs such as Nestle, Cadbury-Kraft, P&G and Reckitt Benckiser are trying to replicate HUL's success in India as well as Unilever's aggressive thrust into other emerging markets. Unilever has a little over half of its revenues coming from developing economies, and began dominating in India way before terms like BRICS became fashionable.

Leaders from India could well be responsible for the country emerging a breeding ground for FMCG innovations that can, in turn, be applied in other developing markets. For instance, the HUL-developed Pureit water pu-

## Desperately Seeking Indians

Indian managers' experience can be leveraged in developing markets

Accustomed to cut-throat competition, both local and international

Entrepreneurial and learn to deliver in a challenging environment

At the forefront of innovative low-cost business models that can be applied in other emerging economies



**RAKESH KAPOOR**  
CEO designate  
Reckitt Benckiser

**India connect:** Began career at Reckitt & Colman in late 80s

### NANDU NANDKISHORE

executive VP of Nestle for Asia, Oceania, Africa & Middle East (from Oct 1)



**India connect:** Began career with Nestle India in late 80s



**SANJAY KHOSLA**  
executive VP & president,  
developing markets, Kraft Foods

**India connect:** Spent 27 years with Unilever, including stint with its Indian subsidiary

rifier has been taken to China, Indonesia and Brazil. As Malvinder Vindl Banga, a former chief of HUL, who went on to head the global foods and home & personal care portfolios at Unilever, explains: “There are a number of things you need to do very well in India to succeed and these are often common across emerging markets.” According to Banga, there are three aspects of Indian FMCG marketers that come handy in other similar markets: One, they have to win against international and local competition; two, they have to make good-quality and yet affordable products; and, three, they have to be fast and flexible. “Consequently Indian managers in key global positions will certainly be able to help their companies drive more success in emerging markets,” adds Banga.

Other Indians armed with knowledge of the local market who are storming international geographies include Bharat Puri, the former chief of Cadbury who now heads the chocolate category at the global level.

# More Indians to Occupy Vital Berths

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Anand Kripalu, the current MD, has gone on to become president of the Asian operations. And last July, Sumeet Vohra moved to Singapore as P&G's chief marketing officer for Asia.

The trend of Indian talent being 'exported' to global operations isn't new. P&G, for instance, made Ravi Chaturvedi its president for northeast Asia way back in 2004 - the first Indian president at P&G. And HUL has had a steady stream of senior executives headed for the global Unilever bases ever since former chairman Keki Dadi- seth became the Anglo-Dutch giant's director for home & personal care a decade ago.

In the years ahead, more Indians - and perhaps managers from other developing economies - will go on to occupy vital berths at the global headquarters. Says Ramesh Srinivas, executive director, KPMG Ad-

visory Services: "Clearly, growth over the next five years will be driven by emerging markets and they will need a CEO who understands the nature of these markets." From the Indian operations' viewpoint, the results are beginning to show. When Khosla put India on Cadbury-Kraft's priority list of markets, he also decentralised the Indian operations. This meant the country head had the freedom to invest the way he wanted to - in sales, infrastructure, advertising and promotions. "This has worked well," says Khosla, who is in charge of \$14 billion worth of business in 60 markets, including India. A year after the buyout, the Indian chocolate maker reported an all-time high growth in revenues of 27% in 2010.

Reckitt Benckiser would be looking for similar benefits once Kapoor takes over as CEO. Kapoor had a key role to play in seeing through the ₹3,260-crore acquisition of Indian health and personal

care major Paras Pharma last December. "India will not just find a stronger voice at Reckitt Benckiser headquarters, but Kapoor being better sensitised to this part of the world, and the Indian market in particular, will also be able to identify far more opportunities than anyone else would," says Rima Gupta, executive director, TNS-Consult and a former P&G honcho.

PepsiCo global CEO Indra Nooyi, for instance, was quick to spot a big opportunity in the nutrition space on her maiden visit to India in 2008. She didn't take much time in galvanising the Indian arm into action. Today, PepsiCo is all set to introduce a range of low-priced fortified products to address micronutrient deficiency at the bottom of the pyramid in India. Similarly the food & beverage major is busy cobbling up a formidable portfolio of nutritional and fortified products in all segments such as breakfast cereals and beverages.