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## PEPSICO CEO INDRA NOOYI LEADS A NEW GENERATION OF THINKING ABOUT EMPLOYEE TALENT AND BUSINESS SUCCESS.

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Indra Nooyi's leadership of PepsiCo (number 59 on the 2008 Fortune 500 list) since becoming CEO in 2006 has shown her to be both charismatic and pragmatic in turning the global convenient food and beverages company into a model of how to do business in a world turned hyperconscious of health and global impact.

Named frequently as one of the most powerful business leaders in the world, Nooyi speaks often about the key role that PepsiCo employees play in realizing a vision of "Performance with Purpose."



Here she tells why sustaining talent helps PepsiCo remain a force in the world economy and a force for good.

**Q | PepsiCo needs to be extraordinarily adaptable to continue to grow in the face of such factors as changing public opinion about the environment, more customer concern about health issues such as obesity, and today's tough economic climate. How do you assure that your employees are sufficiently flexible to keep changing?**

Obviously, I'm a little biased, but I think PepsiCo's associates are absolutely the best of the best. They're smart and highly motivated. So they drive a lot of the change themselves out of their natural competitive spirit.

Since becoming Chairman and CEO, I've also seen that one of the ways to inspire people is by having a vision that everyone can get behind. At PepsiCo, that vision is "Performance with Purpose." It's our company's long-term strategy for delivering strong financial results while responding to the changing demands of our consumers and the marketplace.

Performance with Purpose rests on three pillars: human sustainability, environmental sustainability, and talent sustainability.

For example, we're transforming our product portfolio in order to offer consumers healthier choices—everything from nourishing beverages and snacks that are good for you, to healthier, fun-for-you treats. This is human sustainability.

We're also driving initiatives to sustain the environment where we and our consumers live and work.

And we're committed to attracting, training, and retaining the best talent because the ability of PepsiCo to meet our performance goals and deliver our purpose agenda rests in the hands of our 185,000 associates around the globe.

**Q | What behaviors and skills must PepsiCo's leaders have to implement your operating philosophy of Performance with Purpose?**

I believe that each one of PepsiCo's 185,000 employees is a leader. There are two reasons for this. First, PepsiCo is a meritocracy. Hard work gets recognized. Second, PepsiCo has an entrepreneurial culture, so people have the ability to take the initiative to develop good ideas.

There are some skills that I believe are the hallmarks of a good leader:

- 1. Competence.** You must be an expert in your function or area of expertise. You will become known for that.
- 2. Take a stand.** You must be known for your courage and confidence to act and say what you believe is right.
- 3. Communication skills.** Communication skills are critical. You can never over-invest in them.



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4. **Coaching.** Surround yourself with good mentors. Listen. Learn. Your mentor is a major force.
5. **Your moral compass.** Have the strength and courage to do what's morally right, not what's expedient. Your moral compass must be your true north.

**Q | With a recession real or impending, it could become more challenging to continue to pursue PepsiCo's goal of doing good while doing business. How will you make decisions about the company's investment in training employees and developing leaders when times get tougher?**

The key to Performance with Purpose is "with." It's not one or the other. Our purpose objectives go hand-in-hand with delivering strong financial performance.

So meeting our commitments to human sustainability, environmental sustainability, and our continued investment in our people and our people processes—our talent sustainability goals—are all part of our business strategy.

We are building talent with an enterprise mind set. We strategically build skills for key talent through carefully planned developmental assignments.

Succession planning is also critical. Our succession planning process is designed to identify the kinds of experiences our leaders need. Once identified, we put people in assignments that enable them to build those skill sets.

A key feature of this approach is that it's both cross divisional and cross functional. The goal is to give leaders the breadth and depth they need to work in our highly "matrixed," collaborative environment.

We don't view these things as "nice-to-haves," but rather as "must-haves." These initiatives are fundamental to how we operate. They set us apart from the competition.

**Q | What role does talent management—assuring that employees have the right capabilities—play in realizing the goal that PepsiCo be "the defining corporation"—a model of how to conduct business in the modern world?**

Today's marketplace is incredibly competitive, not only in our industry, but in every industry around the globe. The difference between success and failure is talent, period.

The goal at PepsiCo is to operate as a good company, to be financially successful and "societally" responsible. A place where the best talent wants to come to work.

After we attract the best, we focus on providing associates with the training, tools, and opportunities for their professional growth and development.

At our company, we refer to this as the "Five Rs." It's having the right people, in the right place at the right time, doing the right work, the right way.

This is not simply an HR strategy. It's a leadership and enterprise strategy facilitated by a strong HR function. It enables people to succeed in ways that are good for them individually and good for the strength of the company.

**Q | Many CEOs, including you, make public statements about supporting employees and valuing them. What form does that take at PepsiCo, and how do those actions support strategy?**

Companies that want to grow and prosper must attract the best people to come to work for them. That means having a work environment that inspires people, motivates them, and brings out their best.

There are a few factors that I believe are essential to creating this kind of culture.

First, it's important to create an inclusive culture: a place where people can "bring their whole selves to work." A place where diverse values, beliefs, and practices are treated with respect.

It's also vital that people are shown respect by speaking to them with truth and candor. Give people honest feedback. Let them know where they stand. Be clear about what they need to do to improve or to reach their career goals.

In this same vein, managers must be approachable. Associates need to feel that they are able to talk to their leaders informally to address issues and ask questions.

These are just a few ways to make employees appreciated and to show them they are deeply valued.

These are not necessarily easy things to implement across an organization. It takes time and, in fact, is a process that never ends. But the result of striving to do this—to cherish employees—is that you have people who become very engaged in their work and committed to the company. They are inspired to give the extra effort and go above-and-beyond to deliver results. Most importantly, they feel more rewarded by their work. **T+D**

*Indra Nooyi was interviewed by Tony Bingham, president and CEO of ASTD, and Pat Galagan, executive editor at ASTD; pgalagan@astd.org.*



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