
In conversation with Vivek Gambhir



Vivek Gambhir

Managing Director & CEO

How do you feel about GCPL's performance in the last year?

We delivered a resilient and reasonably good performance last year. The environment was challenging across most of our operating geographies and consumer demand was sluggish. However, we continued to outperform the market and sustained market share across our categories. We expanded our gross margins and operating margins, while investing competitively to further strengthen our brands. Our company has also become stronger in many areas; this will enable us to deliver a more robust performance as the macroeconomic environment in many of our operating geographies improves. Overall, while we did well, we have the ambition, potential and ability to do much better.

What were the highlights of the performance of the India business?

We adapted well to the changing dynamics in the Indian environment. In particular, we navigated the adverse impact of demonetisation relatively well. We outperformed the market and delivered robust growth in profits. Our focus on premiumisation and cost optimisation helped ensure that our EBITDA growth was ahead of sales growth.

We sustained or extended our market share in our core categories. We invested competitively in strengthening our brands. We also continued to make our go-to-market approach more robust. In the latter half of the year, we launched some exciting innovations such as the range of Good knight personal repellents, the bathroom air

freshener aer pocket, HIT Gel Stick and the **BBLUNT** Salon Secret crème hair colour.

We are making a big push in our journey towards building 'Future Now' capabilities, strengthening go-to-market, developing alternate channels, investing in predictive analytics and increasing our digital footprint, to support our growth ambitions.

How are your Africa plans progressing?

Establishing a strong foothold in Africa is a key part of our strategy, both in terms of business size today, as well as potential for the future. Africa has one of the fastest growing consumer markets in the world, with a young population. This provides tremendous opportunities for both driving penetration and increasing consumption across our core categories. Over time, we aspire to become one of the leading home and personal companies in several geographies in Sub-Saharan Africa.

Today, catering to the hair care needs of women of African descent contributes to almost 20 per cent of our revenues. We intend to double this in the next four years. In general, this is a very underserved market

that provides significant opportunities for us, globally. The acquisition of Strength of Nature in the USA, a leading player in ethnic hair care, catapulted us to become one of the largest players globally, serving the hair care needs of women of African descent. It will, over time, also provide a platform for us to further build and drive global leadership.

The integration of Strength of Nature is progressing well. We plan to scale up our wet hair care portfolio in Sub-Saharan Africa. So, later this year, we will localise manufacturing and relaunch the Strength of Nature products in Africa.

We are investing significantly in brand building and innovation. Our teams are currently doing a lot of exciting work on formulating a new brand architecture for our Darling brand, which is the leader in hair extensions. Over the next year or so, we will relaunch this as a more modern, fashion-forward brand.

We are ramping up communication across platforms, experimenting with digital and distinctive category development initiatives, making continuous improvements in our supply chain, and creating a stronger employer brand, to support our plans. We are also investing a lot in

building strong local talent, making the organisation more effective and bringing on board capable senior team members to support our exciting plans.

Are you pursuing any new vectors of growth?

Our innovation approach is two-pronged. We believe that there is significant headroom for growth in the core categories we play in. So, we are building on and extending our leadership positions. At the same time, we are also pursuing attractive adjacencies and creating new vectors of growth to broaden our portfolio. Our new products launched in the last 5 years account for approximately 20 per cent of our global growth and 35 per cent of India's growth.

Take air fresheners for example, which is a relatively new category for us. We launched air fresheners in India in 2012. We have more than doubled this category in the last year. We are now leaders in air fresheners in India and Indonesia. Air care has evolved into a fourth core category for us, globally.

In India, we are also extending into hair styling products. Last year, we forayed into hair colour in Indonesia,

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with the NYU range of crème hair colours. We will be scaling this up and extending our play to the larger hair care category in the country. In Africa, our focus will be on building a full hair care portfolio to complement our leadership position in hair extensions. We will also scale up our presence in household insecticides through our Good knight brand. In Latin America, along with hair colours, we are focusing on makeup and depilatories.

How are you leveraging advanced analytics in your business?

One of the big shifts we are seeing in recent times is the convergence of big data, cloud computing, digital, artificial intelligence and mobility. This has the potential to significantly transform the way we engage, converse with and serve our consumers, team members and partners. So, we are making data mining and analytics a key priority and investing in best-in-class technology and capabilities.

Data from across multiple platforms can offer us a 360 degree view of trends and consumers. We are building internal Consumer Marketing Intelligence capabilities and setting up platforms to enable the cross-

pollination of insights and knowledge across our categories and countries. These insights are helping us predict what our consumers want and need, with much greater accuracy than before. We are also leveraging them to make sharper decisions on pricing and optimise sales and marketing spends in real-time. Through Project Optimus for example, we are driving the availability of a wider portfolio of products across urban markets in India. We have also used advanced analytics to detail brand strategy play books for our key brands.

Our supply chain teams are using daily sales data to run advanced heuristics and plan for stock movements, production schedules and raw material purchases. We are also piloting the Internet Of Things in manufacturing and logistics to improve production line efficiencies, manage energy costs and track the real-time movement of goods.

On the people front, we have started using analytics to better manage our talent and leadership development processes.

While these are still early days, we are very excited about these opportunities to engage our consumers in dramatically different ways and become much more

innovative as a company. There is also significant potential to improve our productivity and become more agile.

GCPL has consistently been ranked the best FMCG company to work for. What makes GCPL an employer of choice?

Our team members are our most important asset. Being recognised as a great place to work continues to be a very important part of our overall ambition of being a leading multi-local FMCG player. We take much pride in fostering an inclusive, enabling workplace and are fully committed to providing our team members with exciting careers, competitive rewards and a great work environment. We are very fortunate to be able to build on the strong Godrej values and legacy of trust, integrity and respect for others. At the same time, our exciting and ambitious growth plans enable us to offer unparalleled learning and career opportunities. Our operating model provides a lot of empowerment and allows people who perform well to take on stretch roles and progress rapidly at GCPL.

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What can GCPL do to become a more diverse and inclusive place to work at?

Becoming more inclusive is increasingly important for us as a company. We are building diversity in different ways - through the businesses we acquire in new geographies, the openly inclusive stance we have on issues like gender and LGBT rights, and the new skills and backgrounds that we are hiring for, like Design, Digital Marketing, Advanced Analytics, Research & Development, and Innovation.

Attracting and developing top women talent, to have a robust pipeline of potential leadership, is a key priority for us. While a lot of our team members globally are women, we still have a lot of work to do on this front in India. We are making a more concerted effort to look for alternative approaches in areas where we have historically faced challenges, either because of the nature of the work involved or the availability of talent. We are also reviewing policies and infrastructure to ensure that we provide the support that women require to thrive at work. We endeavour to create an inclusive environment for women who return to work post an extended break through multiple flexible work, part-time, and work from home options.

Godrej Careers 2.0, our second careers programme, offers women who have taken a career break a chance to return to the workplace. As part of it, we offer challenging projects with added flexibility to help women returning from a sabbatical balance their career and personal needs.

We have set ourselves clear diversity goals, in terms of representation in our teams and across different levels. The Diversity Council for the Godrej Group meets every quarter to discuss our approach and track progress against these targets. We are confident that through these efforts, we will see a changing profile of Godrejites over the next few years.

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

While we outperformed the market and sustained our market shares in most of our categories, we fell short of our sales expectations for the year. Certainly, the uncertainties in many of the geographies that we operate in was a key contributing factor. However, we need to become more resilient and execute better. Most FMCG players got into defensive mode last year. We should have been bolder in launching more innovations and pushing harder to gain market share.

What are the key priorities that GCPL should focus on, going forward?

We need to become more versatile as a company. We have outperformed the market and are serving our consumers well with innovative, high quality products at affordable prices. We now need to take our performance up a notch, take bolder actions and build on our strong foundations. We need to focus on achieving higher top-line growth through better innovations, more compelling market initiatives and stronger go-to market actions. Over the last couple of years, we have expanded our operating profit margins significantly. We need to sustain these margins, while investing in strengthening our brands and enhancing our capabilities. So, we need to find a way to drive both top line and bottom line growth. This will require us to become more ambidextrous. We need to balance better the benefits of scale with greater agility and empowerment.

We are also instilling a deeper sense of purpose and embedding a more consistent Godrej Way of Working across all our operations, to better align, engage and energise our talented team members. We are fortunate to be a part of a rich 120-

year legacy of trust, respect and integrity. As we get larger and more global, we need to ensure that the current and future generations of Godrejites fully embrace and live our distinctive purpose and values.

What is GCPL doing to promote more sustainable growth?

As a group, Godrej has always actively championed social responsibility. We are deeply committed to driving the social progress of the communities that our businesses operate in. We have a 'shared value' approach to business growth and innovation. The idea is to link business success with social progress. 'Godrej Good & Green', is our vision for playing our part in creating a more inclusive and greener India.

Skilling youth is high on our agenda. We collaborate with non-profit organisations and social enterprises on employability training programmes in beauty and hair care, retail management and channel sales for young people from low-income communities. Last year, we trained 54,930 youth in India and Kenya as part of these programmes. Overall, we continue to make environmental sustainability key to

our manufacturing processes and supply chain. We are implementing several initiatives to reduce specific energy and water consumption across our manufacturing locations. We have also set targets for improvement on environmental aspects, including achieving zero waste to landfill and carbon neutrality.

We are committed to ensuring the sustainable sourcing of the raw materials that we use. Our procurement policies are aligned to this goal. We are also working closely with all our partners to drive sustainable practices across their operations as well. For example, all our suppliers are required to align with our sustainable procurement policy. This policy draws from internationally recognised standards and details our partnership expectations around aspects like integrity, human rights, health and safety, environmental sustainability and community development.

As leaders in the household insecticides category, we are committed to helping control the spread of vector borne diseases. On World Malaria Day this year, we announced our commitment to support a malaria-free India by 2030. Last year, we had launched Project EMBED (Elimination of Mosquito

Borne Endemic Diseases) to improve the knowledge and awareness of communities through behaviour change campaigns and empower them to take charge of their own protection. In its second phase, EMBED has reached 3,000 villages, 7 lakh households and 35,00,000 people across 9 districts in Madhya Pradesh. It currently addresses ~36% of the malaria burden in Madhya Pradesh, a state with one of the highest burdens of malaria in India. Over time, we would like to extend this programme to other states as well.