

Headline: GCPL ensures everybody wins

Description: GCPL is spearheading the Godrej Group's Good & Green business model, based on the premise that social good is strongly wedded to profits

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Award: Conscious Capitalist for the Year

Maria Edward, a 22-year-old woman from Nagpur, Maharashtra, always dreamt of owning a house and running a beauty salon from within its premises. However, in 2012, when she failed to clear a subject in her final examination in school, her hopes seemed to become a pipe dream.

Even as Maria prepared for her re-test over the next one year, she used her spare time to get trained as a professional beautician. Maria may still be far from realising her dream, but she has taken the crucial first step and she thanks Godrej Consumer Products Ltd (GCPL), the fast moving consumer goods (FMCG) arm of the Rs 30,000 crore Godrej Group, for it.

Maria, whose father paints buildings for a living and whose mother is a homemaker, has since completed her schooling and is currently pursuing a degree in social work. In her free time, she works as a trainer with the institute where she undertook her training in hair and beauty treatment. The centre, in Nagpur, is a project partner for SALONi—GCPL's beautician and hair care training programme launched in 2012. The part-time job has made Maria financially independent; she earns Rs 10,000 a month and is able to contribute some money to her household. "The exposure I got during the [SALONi] programme instilled a sense of confidence in me," says Maria. "The trainers explained the science

behind hair and beauty treatment and gave us access to equipment that we hadn't used before. This has helped improve my skills as a beautician."

The role that an employability programme like SALONi, sponsored by GCPL, played in shaping Maria's future is symbolic of the conscious capitalism that the company, and the conglomerate of which it is a part, pursues. It is characterised by an endeavour to align the interests of its multiple stakeholders—employees, suppliers, shareholders, customers, the environment and the community at large. For Godrej, this effort is not mutually exclusive from the core objective of all businesses—profit maximisation. On the contrary, steps taken to ensure the welfare of stakeholders are congruous with this process and are helping the core businesses of Godrej thrive in their own way.

For instance, if Maria's dream to open her own beauty salon were to come true, it is logical to assume that she would be more inclined to purchase GCPL's hair colour products, given the influence the company has had on her life and career. Moreover, Maria's better finances after she becomes an entrepreneur will make her a prospective customer for not just GCPL but for the entire Godrej Group, which houses different companies that make a host of products from soaps and air fresheners to residential homes and furniture.

"Being a conscious capitalist is important for the success of the organisation," Adi Godrej, 73, chairman of the Godrej Group tells Forbes India. "It has helped us earn the respect of a lot of people we interact with—be they employees, customers or shareholders. It has helped us recruit and retain good people over the years. More importantly, it has been very satisfying."

Apart from the SALONi project, the Godrej Group also runs other vocational programmes targeted at developing sales and marketing professionals, increasing farmer productivity, and providing construction and technical training. GCPL alone has trained some 90,000 people through its programmes to date.

"The main aim of these projects is to ensure the upliftment of the disadvantaged sections of society, especially women," says Vivek Gambhir, GCPL's managing director. "But ultimately, we assess the

impact of these interventions by assessing the direct or indirect benefits that it brings to the company.”

SHARED-VALUE APPROACH

It was in 2012 that the Godrej Group decided to implement a sustainable business model based on a ‘shared-value’ approach that creates both social and business benefits. This model, christened ‘Good and Green’, stands on three pillars: Ensuring employability by training a million young Indians in skills that will enhance their earnings potential; protecting the environment by ensuring zero waste to landfill, carbon neutrality, positive water balance, reducing energy consumption and optimising the use of renewable energy, and generating a third of sales revenues from Good and Green products by 2020.

The conglomerate defines Good and Green products as those that address critical issues for people living below the poverty line and are available to customers at the bottom of the pyramid at affordable price points. The term also refers to products that reduce energy, water or material consumption and greenhouse gas emissions by at least 20 percent or are entirely made of recyclable, renewable or natural material.

And innovation is at work at GCPL to make and market such products. In 2013, the company launched the Good Knight Fast Card, a mosquito repellent that combines affordability and efficacy to tackle diseases like malaria and dengue that claim several lives in India every year. The card is a repellent made from a hard paper-like material that can be burnt to ward off mosquitoes. It is available at a nominal price of Re 1 per card.

The social needs that the Godrej Group has identified to address through its portfolio of products have been adapted from UN Millennium Development Goals and include access to safe drinking water, sanitation and quality education, affordable housing and the alleviation of poverty through improved income levels.

To create the Good and Green model, GCPL roped in the services of US-based FSG, a consulting firm that advises companies on implementing strategies to bring about social development in the course of doing business. Lalitha Vaidyanathan, FSG’s managing director, says when her

firm was hired by Godrej, it was mandated with the task of devising a unified strategy for the diversified business group, using which it could bring about social change, while ensuring a positive impact on the business itself. “The benefits of a strategy like this range from tangible improvements in the profitability of the company to intangibles such as enhancement of reputation and brand value,” says Vaidyanathan.

Being the flagship company of the group, GCPL is at the forefront of many initiatives being implemented under the Good and Green programme. Gambhir says the next step for GCPL to augment the scope of the company’s employability programmes is to bring in external partners who are willing to commit financial resources. “The focus right now has been to develop the curriculum [of the beautician and hair care training programme] and find some NGO partners who can source candidates whom we can help with the training. The next thing we will evaluate is if we can reach out to industry associations and individual companies and ask them to join hands with us,” says Gambhir. “Ultimately, if we have better-qualified beauticians, it helps the industry as a whole.” Significantly, GCPL’s engagement with the people it trains is not limited to the tenure of the programme. The company is making smart use of software programs to track an individual’s growth by evaluating metrics such as placement rates of the candidates and their increment in earnings after the completion of training.

And this isn’t the only piece of GCPL’s sustainable business strategy where it is leveraging technology. The use of software is equally important for the company when it comes to measuring its carbon footprint and reduction thereof—another vital part of Godrej’s Good and Green mandate.

By 2020, the conglomerate aspires to completely eradicate net carbon emissions from its operations; reduce the energy consumed to manufacture each unit of its product by 30 percent; return more water to earth than it consumes; ensure that waste generated at its sites is not land-filled; and increase the use of renewable power as a percentage of its overall energy consumption by 30 percent.

GCPL has shown reductions between 8 percent and 17 percent on these different parameters since 2012-13, says Gambhir. The FMCG company’s various green initiatives have yielded cost savings to the tune of Rs 40

crore in this period, he adds.

GCPL isn't restricting these green initiatives to itself. It is also trying to ensure that its vendors across the supply chain become environment friendly. "We are encouraging our suppliers to rethink their approach to reducing, reusing and recycling waste, with a focus on zero waste, responsible consumption of resources and packaging material," says Gambhir.

At present, GCPL is incentivising its suppliers to achieve these milestones through awards and recognitions. But it may step up its involvement and is exploring the possibility of creating an innovation fund that can be used for joint research and development between the company and some of its more progressive suppliers who have led the way in adopting green manufacturing practices.

EMPLOYEE SATISFACTION

While the Godrej Group's Good and Green business model entails tangible benefits for the company's operations and its customers, the organisation ensures that it doesn't exclude the welfare of its 25,000-odd employees (around 11,000 of whom work for GCPL).

The differentiated approach that the conglomerate follows in terms of its engagement with employees begins right from the way it hires students from business school campuses. The precursor to Godrej's summer internship programme is an initiative called Godrej LOUD (Live Out Ur Dreams), which has been rolled out across B-schools in India each year over the last four years.

As part of Godrej LOUD, the conglomerate goes from campus to campus and looks for students who can intern with it over the summer. But it doesn't look for their grades and neither does it engage them in routine exercises like group discussions or case studies. Instead, students are asked to make a presentation about the one thing that is really important to them: A personal ambition or a dream and that becomes their job application.

If a candidate exhibits enough creativity, talent and chutzpah, he/she is selected as a winner and awarded up to Rs 1.5 lakh to go out and live

her dream before joining Godrej for the summer internship. Some of the dreams that Godrej has financed in this manner range from travelling the world and climbing a mountain to starting a football blog.

“People progress in their lives by fulfilling their most basic needs first, moving all the way up to self-actualisation, according to Maslow’s theory of hierarchy of needs,” says Parmesh Shahani, head of the India Culture Lab at the Godrej Group’s campus in Vikhroli. “We tell students they can start with self-actualisation and by doing so at the onset of their careers, they can be happier employees.”

Shahani plays an important role in implementing LOUD by travelling from campus to campus each year and speaking to students about the programme and what it stands for.

Also, once you are on board as a full-time employee, there is the India Culture Lab to look forward to. The lab’s website describes it as a “fluid experimental space that cross-pollinates ideas and people to explore what it means to be modern and Indian”.

It organises curated events, including interactions with achievers from different walks of life such as filmmakers, authors, academicians and even business leaders from outside Godrej—film clubs and art installations.

Initiatives like the India Culture Lab or Godrej LOUD reflect the extent of engagement that the conglomerate wants to build with its employees, which is ultimately aimed at achieving a high level of employee satisfaction and talent retention. If surveys are to be believed, the strategy is working.

According to the 2015 edition of an annual study called India’s Best Places to Work For, released by Great Places To Work—an organisation that works with companies to create better workplaces—and The Economic Times, GCPL was ranked sixth in a list of 100 best places to work in India.

HELPING BUSINESS GROW

Adi Godrej offers an interesting insight into how being a conscious

capitalist has helped GCPL in more ways than one would imagine.

It is well-known that growing internationally through acquisitions has been an important part of the FMCG company's business strategy. GCPL, which had a sales turnover of \$1.4 billion in FY15, earns around 47 percent of its revenues from outside India at present. This has been possible due to a string of acquisitions that GCPL made in the past, snapping up as many as eight companies between 2010 and 2012.

"Our acquisitions strategy wouldn't have been so successful if there was no emphasis on sustainable business practices. This is because when we look to buy an asset abroad, the potential seller checks with promoters who have sold their businesses to us in the past about what sort of people we are," says Adi Godrej.

And that is where the reputation of being a conscious capitalist, focussed on ethical business, works to the group's advantage.

But ask Godrej if he is satisfied with the extent to which his business has become 'Good and Green' and he immediately replies: "The answer is no. We should not be overly satisfied with what we have achieved. Dissatisfaction always helps us improve and there should be a continuous sense of improvement."