



SUSTAINABILITY AND THE STRETCH TOWARD A HIGHER PURPOSE GUIDE PEPSICO'S PLAN FOR EMPLOYEES, PRODUCTS, AND LEADERS.

# ELEVATING ASPIRATIONS AT PEPSICO



By Marty Seldman

Bill George, in his recent book *True North*, states, "Integrating their lives is one of the greatest challenges leaders face. To lead an integrated life, you need to bring together the major elements of your personal life and professional life, including work, family, community, and friends, so that you can be the same person in each environment."

Over the years, in varied roles, PepsiCo has benefited from Chairman and CEO Indra Nooyi's many strengths, including her strategic thinking, creativity, and passion. However, it may eventually turn out that her greatest contribution will be the call to PepsiCo employees to connect with their higher motives.

## Performance with Purpose

Nooyi is probably more keenly aware than most U.S. CEOs that discussing "corporate executives" and "higher motives" can be met with skepticism around the globe. In fact, Michael Yazigi, professor of strategy at IMD in Lausanne, Switzerland, who occasionally lectures to PepsiCo's international leaders, cites research about comparable degrees of trust and credibility. In Europe, public trust in institutions such as nongovernmental

organizations is at 48 percent, while trust in businesses is at 32 percent. Measuring the credibility of spokespersons in the United States reveals that an academic garners the high score of 43 percent, while a CEO registers at less than 15 percent.

In the face of this challenge, Nooyi has put forth a vision of using “corporations as productive players in addressing some of the big issues facing the world.”



**Michael D. White**  
CEO, PepsiCo International  
Vice Chairman, PepsiCo



**Pedro Padierna**  
President, PepsiCo Sabritas Division



**Saad Abdul-Latif**  
President, PepsiCo SAMEA Region

Soon after being named CEO, she rolled out her leadership banner “Performance with Purpose.” I believe these sets of operating principles and programs are giving PepsiCo’s leaders the opportunity to achieve the integration that Bill George describes, and many of them are seizing it.

Performance with Purpose has three pillars: human sustainability, environmental sustainability, and talent sustainability. Human sustainability focuses on increasing the nutritional values of all PepsiCo products and moving rapidly toward offering a wide array of “better for you” items. Environmental sustainability touches on issues such as “net zero” water usage, rolling back greenhouse gas emissions, and biodegradable packaging. PepsiCo has made serious efforts in this direction and recently was admitted to the Dow Jones Sustainability World Index.

The talent sustainability pillar has many components, and recently, Nooyi rolled out her “cherish” principles for valuing employees. There is an emphasis on encouraging people to bring their values to work and to use them every day.

From my perspective as a coach and consultant to PepsiCo, I have seen the effect that Performance with Purpose has had on many employees in the areas of



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# PEPSICO



enhanced pride in PepsiCo, integrating work and life values, and the satisfaction of contributing to consumers, communities, and countries.

One example is Sanjeev Chadha, the leader of PepsiCo's beverage business in India. Back in his home country after many years in Hong Kong, he is filled with enthusiasm about the many ways his business is helping India as a nation. He and his India snacks colleagues, while facing competitive challenges, are involved in many water, sanitation, and agro seeding projects. Chadha is working as hard as I've ever seen him, but he is also working in his career "sweet spot."

### Finding your career sweet spot

In this discussion about changes at PepsiCo, we are focusing on the element of higher purpose. With regard to Chadha, I have tracked his career path for a dozen years and always found him to love PepsiCo and enjoy his role. But in speaking with him recently, I heard something new, and it was the "meaning" element. He has, in effect, located the career sweet spot.

Working in your sweet spot conveys many advantages in terms of higher energy levels and impact. When you are in this zone, you can work harder and yet feel less tired and stressed. The intrinsic rewards of your efforts open up deeper energy reserves and lift your spirits. Other people notice your enthusiasm and passion about your work.

An often-heard remark in this regard is, "love what you do, and you will never work another day." Recently, Warren Buffet, one who is widely regarded as the world's most successful investor, said, "If there is any difference between you and me, it may be simply that I get up every day and have a chance to do what I love to do, every day. If you want to learn anything from me, this is the best advice I can give you."

So what are the elements of a career sweet spot? Just as hitting the sweet spot of a tennis racket is the result of the right combination of equipment, swing, and timing, the career components are

- competence: what you are good at
- enjoyment: what you like to do
- interest: what you are deeply curious about
- meaning: what fits your values and can serve a higher purpose.

This is what is noticeably different, whether it is from PepsiCo's Sabritas division employees in Mexico displaying a multitude of new products, operations people talking about environmental standards, or research and development leaders focusing on the latest nutritional science.

### Leadership development programs

One vantage point I have is that for the last four years, I have had the good fortune to be part of the faculty of PepsiCo International's leadership development programs. Interacting in the classroom and sharing meals with 32 global leaders for a week each year has enabled me to track some of the changes I have been describing.

In the summer of 2008, Nooyi, with the help of Leslie Teichgraeber, vice president of PepsiCo University, will launch her first "Leading with Purpose" program at Yale. Until now, several division presidents have had their own leadership programs. I have been part of PepsiCo International's programs, and they contain many elements that have helped leaders move in the direction of Performance with Purpose.

Michael D. White, CEO of PepsiCo International and vice chairman of PepsiCo, and Brian Chitister, vice president of organization and people capability, were the chief designers. White also plays a very active teaching role in the week-long program. The key aspects of their approach to making talent sustainability a strategic advantage at PepsiCo include **Deep self awareness.** A wide variety of instruments give participants insights into their core motivations and strongest tendencies. Faculty at the program and executive coaches in their home countries help them make key linkages and translate learnings into developmental plans.

**Career journey.** Leaders are encouraged to look at their previous experiences and future critical roles as parts of a career journey. PepsiCo's senior leaders, including Pedro Padierna (Sabritas—Mexico, Central America, Caribbean), Saad Abdul-Latif (South Asia, Middle East, Africa), and Indra Nooyi have talked to participants about the contours of their career paths at some of these meetings. Chitister, White, and PepsiCo International's senior HR leaders use these ideas to formulate targeted developmental assignments for each participant.

**Authentic leadership.** Chitister, White, and PepsiCo International's HR leaders, Frans Hijkoop, Carol Surface, and the late Ronnie Miller Hasday, used these ideas to formulate targeted developmental assignments. White strongly resonates with Bill George's emphasis on authentic leadership. Themes of self-knowledge, openness, respectful candor, and congruence between word and deed are part of his senior management program. Performance with Purpose has added another level of encouragement to dovetail leadership objectives with what is going to be most meaningful to achieve. **T+D**

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