

As a leader indra nooyi management essay



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India, located in the south Asia, is one of the most religiously diverse nations with a long history in the world. There are more than 80.4% of the people who are Hinduism. In Hinduism, the religion plays a central and definitive role in the life of people. And that is a typical Asian country, it represents the eastern wisdom. But have you ever imagined that what would happen to a person if such eastern wisdom came across the western culture?

Here is a story about a 23 years old Indian woman who went to America to pursue her “ America Dream”. As a traditional Hinduism, she should have gotten married when she was over 18, but she chose to go to university. She should have stayed in India and gotten married while she graduated, but she determined to go to America to pursue her dream. And today, 30 years later, that Indian woman becomes the CEO of the PepsiCo, one of the world largest soda and snacks companies; she is also named the third most powerful women in the world and the first most powerful women in the business world; what is more, she is also a good wife, a mother of two lovely daughters. And her name is Indra Krishnamurthy Nooyi.

She is a successful example of Asian-American, of Hinduism, of women. In this paper, I will first give a brief introduction about her background and her career, and then I will analyze her outstanding leadership traits and leadership behaviors. And at last I will discuss a very interesting assumption that if she was working in hospitality industry, what would happen?

2. “ Snapshots” of Indra K. Nooyi

2. 1. Family

It was 54 years’ ago that Indra Krishnamurthy Nooyi (Oct. 28, 1955~) was born into a Tamil family in the Brahman community of Madras, a seaport in south Indian. Besides herself, there are five members within her early family, her grandfather, father, mother, and her elder sister and a little brother.

Her family was part of Indian’s middle class; her grandfather used to be a district judge, her father is a bank official. Not like common Indian families that seldom send their girls to go to school, Nooyi’s family is much more open minded than the others, both Nooyi and her sister all received good educations.

The interesting thing in Nooyi’s family is that father is the only role to gain money for the family while mother has the whole responsibility to bring up the two daughters. Nooyi once said on “ YANG LAN ONE ON ONE”, “ my mother always wanted to be somebody, but she never had the opportunity, and she was even not allowed to enter the university because she had to get married. So she left her dreams to her daughters.” Just like what Nooyi said, her mother allowed Nooyi to do whatever she wanted to do, and also trained her to speak on political and social subjects every day after dinner. All she did is just to make Nooyi understand that why not to get married, have a family, have a kid, while have a dream. And this helped Nooyi a lot not only for her career but also for her life.

So what about her current family? Indra Nooyi now is an American citizen. She got married with Raj Nooyi, a management consultant, and has two

daughters, one is 25 and the other is 15. The Nooyi's now are living in Fairfax County, Connecticut.

2. 2. Education

Like a typical Tamil family in India, the whole families are Hinduism. Nooyi, a devout Hindu, attended Madras Christian College majoring in chemistry and graduated with a bachelor's degree in 1976. After that, she went to the Indian Institute of Management in Calcutta to finish her two years' master degree in business administration, majoring in finance and marketing.

In 1978, after Indra Nooyi graduated from the Indian Institute of Management, she took her first job as a product manager with a Mettur Beardsell, a textile company. Sooner she changed her job and became the product manager of Johnson & Johnson, a personal care products maker. While she was working in this American-based company, she was attracted by the American management style, so she planned to apply for her second master degree in America. And she successfully applied for the admission of Yale University of Management with financial aid. Despite societal pressures that every Indian girl when she is over 18 should get married, Indra Nooyi who was already 23 persisted in her decision and finally got the permit from her parents. With the risk to be an unmarriageable commodity, she went alone to America to pursue her dream.

2. 3. Career

At the year 1980, Nooyi got her master degree of public and private management from Yale University, Nooyi started her career at the Boston Consulting Group (BCG), and she worked as a director of its international

corporate strategy projects. And this is the beginning of her professional manager's career.

Then she left there to Motorola, an electronics maker in 1986, her outstanding talent and strategic-looking made her quickly become the vice president and director of corporate strategy and planning there in 1988.

In 1990 Nooyi accepted the invitation from the Asea Brown Boveri, a power plant construction and related equipments maker. She worked as the senior vice president and director of corporate strategy and strategic marketing. After she joined ABB, she restructured the company and helped it find its direction in North America. And this made her being regarded as a shining star in management by the year 1994.

In 1994 both Jack Welch, the head of General Electric and Wayne Calloway, the CEO of PepsiCo offered her a job. Nooyi accepted Calloway's invitation, and became the chief strategist of the PepsiCo.

After Nooyi joined the PepsiCo, she helped the company finish its revolutionary reshape project. That is to divest its restaurant group in 1997, such as KFC and Pizza Hut in order to focus on two other product groups: soda and snacks. And then it purchased Tropicana juice producer in 1998, tow years later it acquired Quaker Oats, one of the biggest breakfast food company in America. And later, her negotiation skills and her favor in acquiring also helped the PepsiCo acquire SoBe, an edgy beverage maker. At last, the PepsiCo successfully turned into a much healthier and greener company. The ROI that PepsiCo posted in 2000 also showed that it not only covered the past restaurant part but also reached the highest point during

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the past 10 years. It was obvious that the PepsiCo started to go in the right direction after Nooyi arrived, so Nooyi was promoted to be the named president and CFO in 2001.

After Nooyi became the named president and CFO, she speeded up the restructuring process and the development of international market. From 2001 to 2006, the PepsiCo's annual revenue increased from \$24 billion to \$33 billion. And in 2006, the PepsiCo's total market in America historically ran over the Coca-Cola's. All of these achievements were all related to the Nooyi's effort, so it was no surprise that Nooyi was named the fifth CEO on August 14, 2006.

In 2007, Indra Nooyi became the fifth CEO and also the first female CEO in PepsiCo till now. And by the year 2009, Nooyi has been named three times the American's top 50 women to watch by Wall Street Journal, the world top 100 most influential people according to the Time, and recently was named the third most powerful woman in the world in 2009 by the Forbes.

3. Leadership Traits

As a leader, Indra Nooyi has the common leadership traits a good leader should have, such as energy, self-confidence, and sociability. But as a great leader and as a female leader of a company with 198, 000 employees, she should have much more than that. So what is the difference?

3. 1. Ethical Forward-Looking

“ Efficient water and energy use has obvious paybacks, but what I need is more than that, I need a healthy consumer out there and a better

environment around him. And the only way I can do that is sustainability.”

Indra Nooyi

Forward-looking is one common leadership trait, it means a person has a strong vision of the future, or we can say that a person who can help the company make more money in the future has such leadership trait. And what about ethical forward-looking, it means a leader should also take the ethical issues, such as environment, resources, and health into consideration while planning the future strategy. For most leaders, they won't do that, because it may decrease the profit and may also slow down the developing speed, and these are all the achievements to reflect a leader's performance. So it is a fool to do that as a leader, but Indra Nooyi is just such a “ fool”.

As I mentioned before, Nooyi is a typical Hinduism. The philosophy of Hinduism emphasizes on the balance of each interest aspect. For example, while making more profit, factories should also care about the environment, food producers should also care about customers' personal health. And this philosophy has already become a part of Nooyi's philosophy. In 1990 when Nooyi joined the Asea Brown Boveri, a power plant construction and related equipments maker, she pointed out that the company should develop green. And she took a series of actions, such as built a new water recycling system. At first, this action took a lot of money, but latter it helped save 1/3 of the water cost annually.

And also in the PepsiCo, Nooyi advocates the “ stomach and intestine cleanliness”; she also announced that her vision for the company is “ performance with purpose”. It means the sustainability on multiple levels:

human, talent and environment. And that is why after devised its fast food brands, KFC, Pizza Hut and Taco Bell, the PepsiCo acquired three other healthy food and beverage companies. And that is why Nooyi invested more than \$ 1 billion to develop its potato farms in the half-desert areas of China, such as Inner Mongolia. And then come to the part what we are most interested in: did these actions decrease the company's profit or slow down its development? The answer is no. First, the PepsiCo used a special potato breed that can grow well in such area with a high productivity and quality, so it actually decreased the cost of main ingredient. And also as we know that China is a central powered country, anyone who wants to run a business, he has to build a good relationship with the government. And because the Chinese government spoke highly of the PepsiCo's such behaviors, it did a great favor for the development of PepsiCo in China.

3. 2. Outstanding Negotiation Skill

The second difference is that Nooyi is a tough negotiator. Nowadays the negotiation skill has become a more and more popular leadership trait, it is a trait related closely with many other kinds of leadership traits, such as self-confidence, fluency of speech, creativity, and sociability. But we cannot say a person who has these leadership traits would also have a good negotiation skill. So there are only fewer leaders have such negotiation skill. And the reasons why I am so sure that Nooyi is such an outstanding negotiator are all proved in her achievements.

The first is that Nooyi helped the PepsiCo purchase the Tropicana Company for \$3. 3 billion from the Seagram Company in 1998. Tropicana is the biggest orange juice company in America that time, while the PepsiCo was not a top

company with its beverage markets no more than 25%. Nooyi knew that the last year's stock sale of the Tropicana was \$2 billion and this year the Seagram Company announced \$4.1 billion for selling it. This news attracted several great companies, including Coca-Cola. But at last, the Tropicana was acquired for \$0.8 billion decrease by the PepsiCo.

And Indra Nooyi was the chief dealmaker of that acquisition. Before the bidding, she communicated with the former Tropicana president Ellen Marram, who has the dream to build the Tropicana a customer oriented great company. So Nooyi shared her "stomach and intestine cleanliness" and "grow green" plans with her, and also they talked a lot about the religion and some health issues and environment issues. After that communication, Ellen Marram and Nooyi together had a dinner with current president Mr. Rodkin. And then, Nooyi herself communicated with Rodkin, who really wants to make some achievements to consolidate his position. Nooyi showed her opinion that the selling price was too optimistic, because the recent hurricane damaged its market value and the stock price would keep on lower. And then they together came to a proper way of acquisition. Two weeks later, the Seagram Company announced the success of selling Tropicana to PepsiCo for \$3.3 billion.

Nooyi also helped the PepsiCo acquired the No. 1 breakfast food company Quaker Oats for \$14 billion, and this became one of the amazing business story that small fish eats big fish. After that, PepsiCo purchased the edgy beverage maker SoBe for \$337 million and this price beat the one submitted by Coca-Cola again. And recently, there comes out the big bang news that the PepsiCo is planning to acquire the Nestle Company, the Swedish largest

company. And Nooyi showed her attitude towards it that everything can be possible in some proper situations.

In these negotiations, Nooyi first prepared all the useful information and then grasped the interest of the other side quickly. She controlled the whole process of the negotiation, and others are all infected by her self-confidence, her passion speech, her motivation to achieve, and her leader's temperament. This leadership trait helps make Nooyi a great capable leader.

3. 3. Strategic Intuitiveness

Rapid changes in current world combined with information overload result in an inability to “ know” everything. In other words, logic and reasoning will not make you pass all the situations. And the fact is that more and more leaders are learning to the value of using their intuition and believing their own instincts when they are making some decisions. And so it is with Nooyi.

It is the the first year that Nooyi joined PepsiCo, the company's restaurant chains suffered stagnancy problems. Then the management team including Nooyi got together to find out a good solution. During these days, Nooyi worked seven days a week, and at one day, Nooyi suddenly woke up in the middle of the night and wrote down different versions of the company on a paper, and later she summarized a method that is to spin off the fast food restaurant chins. Because the method mostly came from her intuition, when she explained this method to the management team, the most words she used were “ I think”, “ I believe”, and “ I suppose”. But she insisted on her intuition all the way.

She believed the best way for PepsiCo is to become a pure healthy packaged and bottled Food and Beverage Company, while the fast food restaurant is in the different area. So she suggested that the PepsiCo should only focus on one area. Her suggestion was crazy and full of risk, and no one could make sure whether it was a right decision. After several months' discussion, the company finally accepted Nooyi's decision. After the PepsiCo divested its restaurant chains, most analysts argued that it was a negative decision. But five years later, the PepsiCo successfully increased its annual revenue from \$24 billion to \$33 billion, and ran over the market leader Coca-Cola.

This decision which is mostly coming from the intuition of Nooyi successfully pointed out the right direction and changed the destiny of the PepsiCo. And as we know in the business world, not all the decisions are well-founded; sometimes the leaders have to believe their intuitions. Since Indra Nooyi has such strong strategic intuition, she can be a much greater leader than the others.

4. Leadership Behaviors

4. 1. Supportive Leadership Behavior

Indra Nooyi is a very kind and considerate leader, some one says it is partly because she is a woman, and some one thinks it is because the Asian culture and her religion. Well, reasons are not important, and the only result is that they all contribute to her supportive leadership behaviors.

Balance is the key word when Indra Nooyi is making a decision; she thinks the balance in making a decision should cover not only the profit of the company, but also the profit of its staff. Because she believes that if a

company can not satisfy its employees, how can it be possible to satisfy the customers? Since the customers are not satisfied, the company is hard to make more money as return. So she always showed her concern for her followers' needs and took them into the consideration for the company's development. And she announced every management decision or plan to her employees immediately.

Balance is also the principle for Indra Nooyi to manage a company; what I mean is that she treats all the employees equally. The current survey shows that after Indra Nooyi became the PepsiCo's CEO, the percentage of female group and international group in management team has been increased. Indra Nooyi believes that it is not the simplex but the diversity that can reach the balance. So she set the policies to open the doors to every potential talent regardless of their sex, their age, their religions, and their nations. Her honest trust and respect for her followers keeps on inspiring them, and also keep on creating more and more loyal followers.

4. 2. Charismatic Leadership Behavior

Can you believe that in a white dominated country and a man dominated business world, a female Indian Hindu can lead the world largest Food and Beverage Company. In my opinion, only if she is a charismatic leader.

Indra Nooyi has her unique charisma; her story between Michael D. White, chief executive officer of PepsiCo International and vice chairman of PepsiCo, is very popular in the company. In the year 2006, Nooyi was named the next CEO and White was her competitor. Michael D. White is a competent controller and a capable operator, and that is why he is one of the backbones

of the company. So the first day when Nooyi became the CEO, the first thing for her is to buy a ticket and fly to the Cape Cod. When Nooyi arrived at Cape Cod, White had already been there waiting for her. Nooyi lived in White's house for two days, during this period they played music together and ate ice-cream together, and at last Nooyi expressed to White honestly, "tell me what I can do to keep you, I can make it." What is more, Nooyi's friends, the second, third and fourth former CEOs also came to help her keep him. Her honesty and words moved White, and finally keep that capable person.

As a CEO, Indra Nooyi can do all of these for her past competitor and became friends, this was never happened in the history of PepsiCo and also seldom happened in the business world. So this story has become a popular topic within the company, and all the staffs really respect Nooyi, and believe that Indra Nooyi is a great leader, and she could lead the company to the success.

Indra Nooyi never made them disappointed, she pointed out the right direction for the PepsiCo at the first year, and made it run over the market leader, Coca-Cola at the fifth year, and she also helped the company survive from the economic crisis this year. All the achievements prove that only Nooyi can be the leader of the PepsiCo.

And also as a leader, Indra Nooyi is tough on herself and she always raises the standard for everybody; however, she is very caring because she wants people to excel at what they are doing so that they can aspire to be her in the future. And last year, Indra Nooyi was named the top 50 popular leaders in America that people want to follow, and PepsiCo was also named the third

company that people want to work for. So generally speaking, Indra Nooyi is a good charismatic leader.

5. Nooyi in hospitality industry

After analyzing the leadership traits and behaviors of Indra Nooyi, I come up with an interesting idea, that is, if Nooyi was the general manager of a hotel, what would happen?

First, she can turn down the high turn over rate. The turn over rate in hospitality industry is much higher than the others. And the main reason for staffs to leave is that they are not satisfied. And as I mentioned before, balance is the key point of Indra Nooyi's philosophy. She would show her concerns to the followers first, and take the follower's needs into consideration while making plan and decision. She also treats every one equally; no matter a staff is a minority or a woman, if he or she has the ability, Nooyi would offer a chance. And these can definitely satisfy the followers, and the turn over rate would be decreased also.

Second, she can help build good reputation for the hotel while making more profit. In her mind, the profit, the customer, and the environment are in the same position. So besides the profit, Nooyi would also focus on the customer's needs and health, for example, she would never let a junk food dish on the menu. All the food should be at a higher quality with nutrition, and this would definitely price higher. And also the environment, like what she did in ABB, she can also develop or buy a new water system for hotel and set the policy for staffs to use electricity more efficiently. It is not only good to the environment but also saves the money for the water and

electricity use. All of these would of course draw attentions from the media and public, and it would help build a good reputation for hotel while the hotel is actually making more and more profit.

Third, she can build good relationships with the government, the investors, and some big company customers. Because of her outstanding negotiation skills, it is much easier for her to develop the good relationships with these VIPs to the hotel. Since hotel has a good relationship with government, the government may do a great favor to the hotel, such as tax and reputation. And also if the hotel has a lot of contracts with some big companies, these companies would hold their meetings and celebrations all in her hotel and this can in turn help increase the hotel's occupancy rate, and some other revenues, such as banquet and F&B.

Indra Nooyi is an excellent professional manager, so the different kinds of industries are not the limitations to her. She can manage a personal health products company well, a power plant well, a soda and snack maker well, and also it is not a problem for her to manage a hotel well.

6. Conclusion

When traditional Indian philosophy meets with modern American thoughtway, when Hinduism comes across Christianity, first are the conflicts, but sooner they will consist with each other and create a legend.

Indra Nooyi is just that guy. She always goes to the CEO's office wearing her traditional Indian sari. But comparing with traditional Indian women, it is hardly to connect Nooyi with the characters, such as effeminate and shy.

Nooyi is such self-confidence, gentler woman with passion and always

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speaks fast because she thinks faster. She is just like most excellent American leaders.

She also proves to the world that even it is the man that wrote down the rules long ago, and these rules are still the standards dominating the current business world, women can still make success with their talents and unique charm.

From this period of study on her, I learnt a lot. And comparing with all the excellent leaders as far as I know in the world, her leadership traits and behaviors impress me most. Even though my career is hospitality, there are still a lot of things I can learn from her. And I think it is very necessary and good for us to learn something from these great leaders. Then we can apply them into our career to accomplish our dreams and to develop the hospitality industry in China.