

INTRODUCTION TO CULTURAL LEADERSHIP 2020

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WEEK 1

REAL LIFE APPLICATION

KNOWING YOU CAN LEAD

EXEMPLARY LEADERSHIP CASE STUDY – Indra Nooyi, CEO, PepsiCo ¹

The daughter of a conservative, middle-class family in southern India, Indra Nooyi didn't seem destined to one day run one of the world's largest snack food and beverage companies. But Nooyi does just that as the CEO and president of PepsiCo, making her one of the top female executives in the United States and probably the highest-ranking woman of Indian heritage in corporate America.



Nooyi, who grew up in Madras (now Chennai), India, admits she always pushed social conventions. She played on an all-girls cricket team and was a guitarist in a rock band at a time when it was deemed inappropriate for Indian girls to do such things. Despite graduating from college with bachelor's degrees in chemistry, math, and physics from Madras Christian College in 1974 and a master of business administration from the Indian Institute of Management Calcutta, Nooyi was reportedly remembered for being only a “mediocre student” (Pandey, 2006).

Nooyi's first job after college was for Tootal, a British textile company in India, but she was hired away as a brand manager for Johnson & Johnson to oversee the company's Stayfree account in India. It was a job that would have challenged the most seasoned marketing executive because, at the time, advertising women's feminine products was not allowed in her country (Murray, 2004).

¹ Peter G. Northouse. *Introduction to leadership: Concepts and Practice*. SAGE Publications, Incorporated, 2019. p.10-11.

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By 1978, Nooyi felt she needed more preparation for the business world and applied to and was accepted to the Yale School of Management in the United States. To her surprise, her parents agreed to let her go, although it would essentially make her an unmarried commodity in her culture. She received financial aid from Yale, but still struggled to make ends meet, working as an overnight receptionist. She didn't have the money to buy a business suit, so she wore her traditional sari to work and later in job interviews, choosing to be herself rather than adhere to expected cultural norms.

Nooyi did not earn an MBA from Yale, choosing instead to get a master's degree in public and private management. Her first jobs after graduation were for the prestigious Boston Consulting Group and Motorola. In 1990, she joined ASEA Brown Boveri (ABB), a Swiss-Swedish industrial conglomerate. Her success in directing ABB's North American operations caught the attention of PepsiCo CEO Wayne Calloway who wooed her away to become his company's chief strategist.

Nooyi quickly left her mark at PepsiCo. She was the chief deal maker for two of PepsiCo's most important acquisitions: the Tropicana orange juice brand in 1998 and Quaker Oats in 2001. The Quaker Oats deal added a huge range of cereals and snack foods to the PepsiCo empire. Nooyi also helped the company acquire beverage maker SoBe, beating out a competing offer from Coca-Cola. Her deal-making talents elevated her to the job of PepsiCo's chief financial officer in 2000, and a year later she was given the title of president. Nooyi's vision for PepsiCo—that "for any part of the day, we will have a little snack for you" (Byrnes, 2001)—has been implemented through development of new products and acquisitions. The company now sells a wide range of foods and beverages from Cap'n Crunch and Doritos to Mountain Dew and Gatorade. The company's 18 brands are sold in 200 countries, and it employs 198,000 people worldwide.

But the strategist in Nooyi has also foreseen the effect that growing lifestyle diseases such as obesity could have on her company. Again, she has chosen to follow an unconventional path, looking to create healthier products in an industry dominated by salt, fat, and sugar. She invested heavily in the creation of a research and development lab that took five years to complete, drawing criticism from stockholders and industry analysts. So far, the investment has had some success: PepsiCo introduced a "mid-calorie" cola, Pepsi True, which has 30% less sugar and uses stevia extract instead of artificial sweeteners and has created potato chips that taste just as salty as the original but have less sodium. The company has also introduced a new line of craft sodas called Stubborn Soda, which contain natural flavors and sugarcane instead of high-fructose corn syrup.