FMCG biggies in top-level churn

Samidha Sharma & Reeba Zachariah | TNN

Mumbai: The Indian FMCG sector has witnessed one of its biggest top-level churns over the last few months as a new set of leaders takes charge in a fiercely competitive industry. In the last six months to a year, almost all the big players, including Britannia, Cadbury, PepsiCo, Coca-Cola, Nestle and now Hindustan Unilever, have initiated senior management changes, although for different reasons. Having clocked impressive growth numbers over the past year, signs of consumers cutting back on spends are beginning to show, making it interesting to watch how this new leadership braces up to these challenges.

On Friday Hindustan Unilever joined the long list of FMCG majors which will see a new face at the top. Unilever veteran Sanjiv Mehta is set to take over as the India unit's CEO.

The 53-year-old will take over from Nitin Paranjpe, who has been elevated to a new global role. Industry experts say these changes at the top are indicative of one cycle of leadership tenure coming to an end. Most of the outgoing leaders have been heading these companies for more than five years, with the exception of PepsiCo's Manu Anand.

However, the lack of younger faces being chosen to drive the next phase of growth in a strong emerging market like India is conspicuous, says K Sudarshan, head of EMA Partners, a global executive search firm. "We still do not see the next generation of leaders in the FMCG sector coming up on top despite the industry being one of the most mature in terms of talent. This shows at some level people have stagnated and one 50-year-old is being replaced by another. Maybe to some extent the companies have missed the opportunity as they played safe," Sudarshan says.

By appointing leaders in their 50s, companies also run the risk of saturating the talent pipeline as the pyramid becomes top heavy. "The rejig has happened because of different reasons. In some domestic companies, new leadership replaced old hands, who neared retirement and in some multinational firms, there has been an internal reorganization," said Nikhil Vora, MD, IDFC Securities, a Mumbai-based broking firm. This frenetic people movement may also bring back the zing in the sector, say headhunters. FMCG has historically been one of the most coveted industries among MBA graduates; however, investment banking, financial services and technology & telecoms took away some amount of sheen from the industry in the last decade or so. "The gap between FMCG and other sectors narrowed over the years but still it is one industry which makes executives come close to consumers like no other industry can. This is a huge advantage for the sector," said Ronesh Puri, MD at Executive Access.

The Rs 1,80,000-crore sector, said industry experts, is facing near-term challenges with respect to slowing growth and inflation and for the new leaders the test will lie in how well they devise ways to counter these issues.