



CFO Perspectives

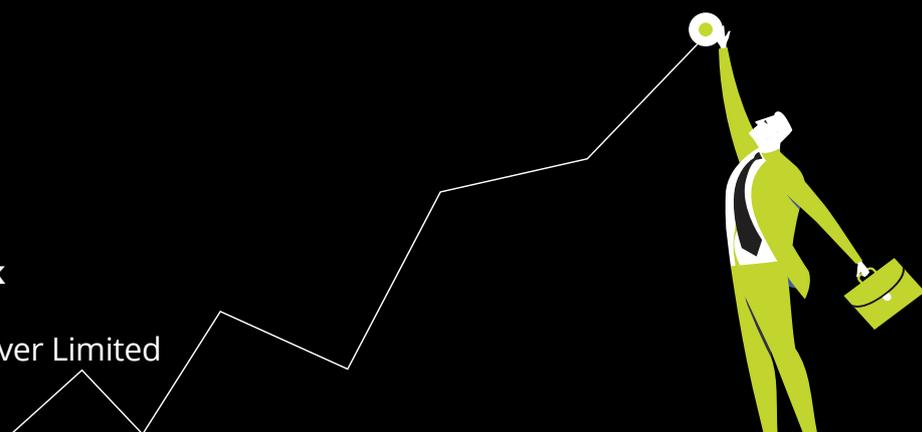
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CFO Speaks



Srinivas Phatak
CFO
Hindustan Unilever Limited



1. Demonetisation and transformative changes such as the GST (Goods and Service Tax) have had an impact on the FMCG sector. How did your company transition to the new regime and what are the key learnings from the GST implementation?

Disruption and change is the new normal in our current business environment. We recognise that and have been working to build a future fit organisation. We have created capabilities that drive speed and agility across the value chain. The GST implementation is one great example and I am happy to share our experience.

- **A business opportunity; not a functional project:** Our single-minded objective across the organisation was to drive growth by serving consumer needs. The leadership team of the organisation owned the full project. We put in place a cross functional team that worked seamlessly across different aspects of the change and transformation. We prepared extensively by publishing more than 80+ white papers and testing 3500 scenarios. Thanks to the detailed preparation, we issued our first GST compliant bill within eight minutes from the time of the new regime going live.
- **Early engagement with all stakeholders and maintaining connect:** We worked closely with the government, policy makers and industry bodies for shaping the agenda, understanding the changes and seeking advice, wherever required.
- **Leveraging technology continuously:** A change of this magnitude meant that almost all the IT systems had to be rewired. We tested solutions and tracked

the implementation rigorously to ensure they landed on time. Our efforts are now focused on driving intelligent automation (including RPA) to help ensure compliances. Machine learning and higher order solutions will shape the way forward.

- **Simple and transparent communication:** Frequent connect and communication enabled us to get full organisational support. This meant exciting the organisation with the art of simple communication and supporting them in leading transformative change; this unlocks a massive positive momentum.

2. Technology revolution is transforming the way shopping is being done today. With the increased use and reliance on smartphones for online shopping, digital platforms and social media websites are becoming the new marketplace. How has HUL managed to capture the opportunities thrown open by the digital revolution?

Every company has to think and act like 'a data company'. We, at HUL, have chosen to disrupt business models and not be disrupted. Let me elaborate our digital transformation from three dimensions:

- **Consumers and unmet needs:** There are big changes to consumer preferences across the board, be it urban or rural. By leveraging technology, we are able to identify early trends / shifts in consumer preferences and this is enabling us to build products which address their unmet needs. Our 'People Data Center' helps us monitor conversations (always on) and provides relevant consumer insights for right product pack combinations and lands innovations

faster. Similarly, we have now been able to bring science (Bayesian) to the art of pricing through 'Project Jarvis'. We are also exploring and building capabilities towards mass customisation and precision marketing to appeal consumers.

- **Customers and channel transformation:** There is no debate that we need to win in modern trade and E-commerce. Equally important for us is to modernise the traditional trade by leveraging technology. Our 'connected stores' programme is enabling us to digitally transform all phases of Demand Capture, Demand Fulfilment and Demand Generation. To illustrate, we have democratised the process of taking orders through our retailer app (Shikar) that uses algorithms to increase assortments, etc. We are building capabilities for complete deliveries within two days of the order and our ambition is to move to a single day. Our 'Humara shop' initiative is helping us generate and satisfy demand by better understanding our consumers.
- **Internal operations:** Efficient and effective internal operations enable us to generate fuel for growth while driving speed and agility across the value chain. They are also extremely critical to be able to unlock the organisation bandwidth and focus our talent behind growth. We have many initiatives in the company to this end. For example, through 'Project Livewire', we have democratised data with one version of truth which is enabling us to drive decisions in moments which matter, by moving from insights to interventions.

3. What are the few things that you, as a company, are doing right to achieve the first mover advantage and stay ahead of your closest competitors?

As a company, we have a clear strategy on market development, i.e. building categories and segments for the future. This part of our business needs to grow at twice the company average. Some recent examples include innovations in naturals, liquids, green tea, conditioners, etc. Our proposed merger with GSK is another opportunity to increase penetration and make a strong play in the exciting Health Food Drinks (HFD) category at scale.

From a capabilities perspective, we have more than 50 experimental projects running in the company under 'Re-imagine HUL', be it marketing, supply chain, customer development or finance. These projects are discussed in the HUL digital council headed by the CEO.

We are also working on a clear plan to upskill our talent. For example, in finance, we have taken on an ambitious goal to ensure that 100% of the team gets trained in

digital capabilities by end of 2019 and passes an exam to earn the 'license to operate'.

We value our brands, our people and are now building digital capabilities. With all three in symphony, we are well positioned to capture the FMCG opportunity in India for the foreseeable future.

4. Consistent volume growth through constant efforts towards market, product development and supply chain efficiencies is synonymous to HUL. As a CFO, how are you constantly staying focused for the challenges that are constantly emerging (business, regulatory or technology)? How do you align various business dimensions to get the best value for the organisation?

Driving competitive, profitable, responsible and sustainable growth with a clear focus on volumes has been our mantra. For me, it is all about leading with impact. CFOs have to be the exponents of exponential growth. My agenda:

Winning business: Business first. The role of finance is to enable business win decisively.

It is all about (a) clear and dynamic choices on winning for today and building for tomorrow – product, channels, etc. (b) generating fuel for growth through robust and end to end savings programme (c) building new and differentiated business models, and (d) strategic partnerships and inorganic growth.

Leading capabilities: Developing future fit capabilities for the broader business and for the finance function.

Finance has to be the digital and transformation champion for the organisation. Equally, finance has to take on the responsibility of ensuring that solutions are deployed at scale and across the value chain. From a functional perspective, we need to digitise our operations and focus on building proactive and predictive risk management capabilities.

Amazing people: "You are only as good as your team". My focus is to attract quality talent, upskill them and give them wings to fly. As a leadership team, we encourage our finance team members to dream big and take on audacious goals with a safety net, and help them navigate failures and setbacks. Today, our teams are connecting externally, and we are able to benefit from such insights.

My recipe for aligning various dimensions is to have the ability to tell a compelling business and consumer story with a dash of humour. Being quirky helps. You

also need to demonstrate some seemingly mutually exclusive qualities of (a) being disruptive and pragmatic (b) risk taking and reluctant (c) connecting and galvanising (d) heroic and vulnerable.

5. There is a significant focus on the rural sector by the government. What, in your opinion will drive the growth in the rural segment? How has sustainable development helped in growing the rural sector?

Nearly two-thirds of our population are dependent on the rural economy. Therefore, the various measures that are being taken by the government for broad-based growth are welcome. Some of the recent measures, such as, increase in the minimum support price (MSP), direct benefits transfer, and investments in infrastructure and employment generation augur well for the rural economy. From an FMCG perspective, we are seeing rural markets growth ahead of urban. Considering the low levels of per capita consumption, there is a significant head room for growth in rural areas.

As HUL, we work in partnership with the government and other organisations to drive transformational change across society, to create more opportunities for women, enhance livelihoods, promote health and well-being, and champion sustainable practices in agriculture and water. 'Project Shakti' is a great example of **doing well by doing good**. We have more than 100,000 Shakti Entrepreneurs (Shakti Ammas) who distribute our products in rural areas, educate consumers on health and hygiene, and are now key contributors to their family incomes. Similarly, 'Project Prabhat' revolves around engaging with communities around our manufacturing sites. It focusses on three priority areas - improving health and hygiene, conserving water potential and enhancing livelihoods.

6. Regarding your integration with GSK Healthcare, you mentioned that teams are preparing. As a CFO, what are the few things which would be key for a successful integration?

The proposed merger with GSK is transformative and will enable us to serve needs of consumers in the space of health food drinks (HFD). Considering the low levels of penetration, we have a sizeable opportunity to grow the business in double digits and realize 800-1000bps bottom line improvement in medium term.

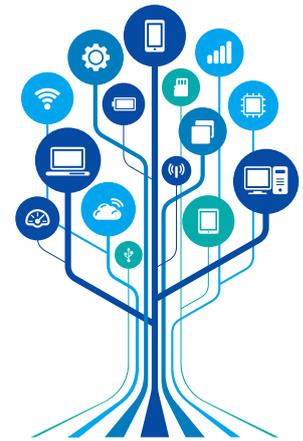
We have a dedicated team with a senior integration lead to work through the various aspects within the regulatory framework. The team is building plans for Day 1, Day 180 and Day 360, and we are leveraging our broader experience from Unilever and external experts.

Many aspects go into a successful integration. At this stage, my key call outs will be:

- Have the humility to learn from the GSK team; they understand the brands, consumers, processes and know the history.
- Build a robust and comprehensive transition plan across various work streams and stress test.
- Focus on growing the business. Tap and track easy wins on savings which will enable investment behind opportunities. Keep a close eye on the business case as we navigate different time horizons.
- Integration of IT systems will be a key.
- Make connections between various teams on both sides. It is the people who will make it happen.
- Enjoy the experience, celebrate frequently – the small as well as the large wins. The integration will take time and some things will go wrong. But, as a team, we are definitely on course to writing a new and exciting chapter in HUL's history.



Expert views



Crunch Time VIII: The CFO guide to cloud

Everything you've ever wanted to know about cloud has probably been written somewhere, but no CFO has time to wade through it all. To help CFOs and their organisations make more effective cloud decisions, we have created this briefing.

This briefing is organised around questions frequently asked by our CFO clients. Some apply to cloud investments anywhere in the enterprise, others deal specifically with finance as a potential cloud user. All are relevant for any CFO in business today.

The CFO guide to cloud

Now or later

Our CIO wants to move to the cloud over the next three years. Should we do it now or wait until things settle down?

Accounting treatments

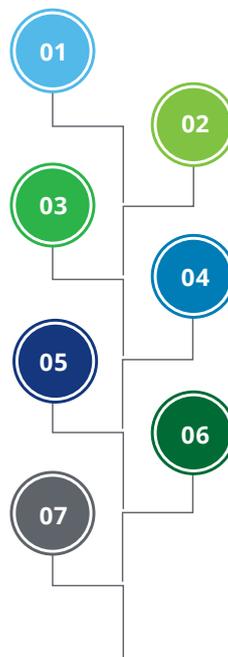
I'm having a hard time getting my head around the accounting and tax implications of moving to the cloud. What are others doing?

Security and risk

I've heard risks associated with cloud aren't better or worse, they're just different. How so?

Finance opportunities

We're looking at a new core finance platform. Are cloud versions of ERP software ready for a company like ours?



The cloud value proposition

Is cloud mostly a cost reduction play or are there other advantages? How can we realise sustainable savings?

Contracting

What cloud-specific issues should we be thinking about?

Talent models

What skills are needed to run a cloud-first organisation? How are they different from what we have now?

By the numbers

Multiple surveys with Finance leaders and broader business audiences all point to significant momentum building around cloud experimentation and adoption.

93%

The vast majority of business executives who participated in Deloitte's 2018 global outsourcing survey—93 percent—said their organisations are adopting or considering the cloud.

41%

In a poll of nearly 3,000 Finance and business leaders conducted during a Deloitte webcast, 41 percent said that they have cloud technologies in place or are in the process of implementing. Another 16 percent said they are currently assessing cloud options.

48%

Nearly half of Finance executives polled in the webcast said cloud technology would be critical to the performance of their finance organisation two years from now.

Each of these issues are relevant for CFOs today. To read the complete report [click here](#)

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For more information, feedback, or suggestions, please write to us at: incfo@deloitte.com



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