Interview with MK Ajay, Executive Vice President of Human Resources, Colgate-Palmolive (India)

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Abstract

Colgate-Palmolive is a well-known American multinational corporation. It is well regarded as a very reputable, ethical, admired and sustainable company that values employee diversity. In this interview with the Head of HR of Colgate India, we can find some unique features in its management team, style and organisational culture. The interview explores the alignment and dynamics between business and HR strategies, long-term sustainable perspective on leadership at all levels, and building harmony in industrial relations.

Colgate-Palmolive, headquartered in New York, USA, began its life as a small soap company over 200 years ago but today is well regarded as a global conglomerate with operations in over 200 countries. Its stated core values are Caring, Global Teamwork and Continuous Improvement. Today, its global standing as an enterprise par excellence is evidenced by the fact that in 2018 alone it received several coveted awards, including World’s and America’s Most Reputable Companies, World’s Most Ethical Companies, World’s Most Admired Companies, 100 Most Sustainable Companies and Top 50 Companies for Diversity (https://www.colgatepalmolive.com/en-us/about/awards).

Mr. Ajay was interviewed by the author in October, 2017 as part of a case study research on Colgate Palmolive India’s factory in Baddi, Himachal Pradesh, which has the distinction of being an oasis of industrial peace amidst ongoing industrial strife in its neighbourhood. While interviewing the key personnel of the company, the author noted some unique features in its management team, style and organisational culture.

Unlike the constant senior management churn in many multinational companies, most of Colgate-Palmolive’s global and Indian executive team members, including the global Chairman and CEO, have been with the company for a long period (see https://www.colgatepalmolive.com/en-us/about/executives-and-boards/executives) which the author believes has ensured stability and sustained excellence with a long term focus on
maintaining organisational cultural values, without succumbing to short term temptations. The company takes its commitment to all key stakeholders including customers, employees, and surrounding communities very seriously as evidenced by its policies and practices on various aspects of governance and human resource management (see https://www.colgatepalmolive.com/en-us/core-values/our-policies) and the external awards it receives year after year around the world.

The author noted that the company’s long term commitment to stability in leadership team and organisational value framework around the three pillars of caring, global teamwork and continuous improvement, underpinned by equally strong commitment by local units, are largely responsible for its remarkable success in business, people and community management.

Amidst this backdrop, Mr Ajay was interviewed to better understand the company’s core values, business and HR strategies, and HR’s role in articulating and institutionalising the same, especially in its Indian operations. Mr. Ajay joined Colgate-Palmolive (India) Limited in 2002 in Human Resources. Since then, he progressed in positions of increasing responsibilities across the Human Resources function. Mr. Ajay was Director - Human Resources for Colgate Malaysia, Singapore and Brunei from 2006 before taking up the position in 2012 as HR Director – Global IT and Colgate Business Services at Colgate-Palmolive, New York. In his last assignment, he made significant contributions in leading the organizational aspects of the expansion and transformation of the Business Services function located at multiple offices in the US, Mexico, Poland, Ireland and India. He has diverse experience in all aspects of HR and change management in multiple global locations. Prior to joining Colgate, Mr. Ajay worked in Human Resources for Asian Paints. He is an MBA from XLRI School of Management, Jamshedpur.

Here is the edited transcript of the author’s interview with Mr. Ajay.

Q: Could you give us some idea about the company’s overall business strategy at the global and Asia Pacific levels?
A: At the global level we have four strategic pillars in our business strategy. The first one is around engaging brands and customers. Second is driving innovation. Third is increasing effectiveness and efficiency in everything we do and fourth is leading together. These four
strategic pillars inform everything we do around the world, irrespective of geography, business channel, consumer segment and that consequently also determines our organisational strategy and human capital strategy. Under this primary strategic pillar, we keep our Colgate values in mind globally for everything that we do, that is caring, global team work and continuous improvement.

When it comes specifically to the Asia specific region, including China and India, it is a high growth market. It is a market with intense local competition so customer engagement has to be more frequent, more intense and with much higher emotional engagement than developed markets such as North America or Western Europe. Our organisation strategy is very high touch, very high employee engagement driven and in the case of Asia we have amplified the value of caring even more.

**Q: How about the HR strategy?**

A: From the organisational stand point, India has a work force which is a challenging in terms of attracting talent and training and engaging talent but it is also a work force which has tremendous potential in terms of building future leadership pipeline. Therefore, the organisational strategy follows the business strategy of very high intensity engagement so you will find the way we have managed human capital in Colgate India is inspired by that organisation and business strategy of high engagement with customers and employees.

To live the values of amplifying caring especially high intensity, high frequency and engagement, you try to form a culture over a period of time which supports this particular organisational strategy. So we tend to take the human side of every decision very seriously whether it is investing in plant, building a new plant or rolling out a new performance management process.

The other thing which is globally true for us is to support the organisational strategy and culture we also emphasise ‘managing with respect’ as a core principle. We define it as five specific behaviours, namely, Communicate Effectively, Give and Seek Feedback, Value Unique Contributions, Promote Teamwork, and Set the Example.
Q: To my knowledge, there are very few companies which take this kind of long term sustainable perspective. Is there any reason as to why this kind of all-inclusive approach to business has been taken by Colgate over the years that makes it so unique?

A: If I were to pick two factors which may have contributed and made us who we are, I think the first factor that helped us is that we are truly global in terms of the footprint of our organisation. Colgate’s revenue from North America and US specifically is less than 1/5th of the global revenue. Latin America which is South America and Mexico is about 23%, Asia Pacific is 20%, Europe is about 20% and therefore we have a genuinely global foot print and global culture.

Equally, leaders that move up to senior management level at a global level tend to be very global. Our Chairman and CEO is British, Vice chairman is French, Chief marketing officer is Indian, Chief HR officer is Canadian; so, it is very diverse and that has allowed us to pick up the best talent from around the globe. Further, Colgate has leaders who are the embodiments of organisational values, who are truly authentic in terms of living by example.

Q: How do you ensure that your leaders fit the organisational culture?

A: I don’t think we develop leaders into following those values. I think somehow Colgate over the years have done a pretty good job of identifying and appointing the leaders who reinforce and who live these values. Our current and previous CEOs who have served the company for decades have been the ideal role models for our values and what Colgate has done very successfully in a very low profile fashion is that right from the top to the plant level, as an organisation, Colgate has been very meticulous and very serious about putting right leaders who demonstrated those values.

What is remarkable is you feel and experience the same culture throughout our global operations, in spite of the difference in the national culture. Colgate leaders tend to be very similar in terms of the values. For example, every business leader automatically considers the implication of caring in every organisation decision. It is taken as given as business leaders automatically factor it even without HR’s involvement. I think caring is in the DNA of the company and we don’t even think about it because it is as natural as breathing.

Q: So what I hear is that there are three key characteristics of leadership at Colgate across the board: one is a stability of leadership, the second one is the diversity of
leadership and the third is servant leadership. Can you explain more on the stability aspect because generally in a Western culture where leaders are typically appointed on a contract basis and their rewards are subject to their performance during that period and therefore they tend to take short term attitude and approach?

A: I have couple of hypotheses on this. One, I have always felt that the way we nurture our culture and the way we nurture our leadership is very similar to the way we nurture trust in our consumers. If you really think about our core flagship product, the Colgate tooth paste, which we sell around the world, the success of that product or brand is entirely based on the long standing trust that we have with the people who use it every day in the morning believing that it is a top quality, hygienic product which will benefit me and my family. I think that is how we feel about nurturing our employees because in any market that we enter to will not become leaders over night. Its a painful and gradual climb. In India we now have over one and half million retail outlets that we distribute and touch directly and this growth took place over 80 years. Once you think in terms of gradual evolution in brand building its pretty easy for you to internalise and adopt that same approach when it comes to leadership capability and nurturing of your culture.

The second hypothesis that I have is (and this may not even be deliberate strategy) and if I take my own example when I joined Colgate I didn’t expect I would stay as long as I have and this is a story you will hear from many people. What starts happening is because of this managing with respect culture, you start liking the people you work with which becomes a strong bond and the values that organisation holds become a living set of values and that stickiness becomes even stronger.

The third reason which Colgate consciously uses is that you can manage stability with bringing in variety in career. To illustrate this point, while I have stayed in one organisation, Colgate Palmolive, I have also moved from Malaysia, to the US back to India and so by doing that what Colgate has done is of course developed me to become a better leader but it is also transmitted best practice gained from diverse experience gained by its leaders. In so doing, Colgate has also ensured the diversity of management team. Today the Indian management team is truly global. We have a American legal director, a Lebanese managing director, a Mexican manufacturing director and quite few local directors. This again makes it important for Colgate to retain its leaders so that they can be rotated to different geographies.
Q: But stability of leadership can also have unintended negative consequences, particularly in today’s context where due to globalisation, hyper competition, disruptive technologies and so on, the business world is rapidly changing and requires agile leadership …

A: I think at times there is an inherent tension between caring and continuous improvement as organisational values and we don’t want either of them to runaway to an extreme at the cost of the other. The company has found an optimum way of ensuring leadership stability through retention of leaders while ensuring that they don’t over stay in a particular role or geography. It may seem like a contradiction but actually it’s something Colgate tends to do pretty well by moving people with a constant stream of stretch assignments. I think that it has worked pretty well because when I look at India we have faced a few serious competitive challenges in our history with Uni Lever, P&G and recently, Patanjali and through all of these we have only grown stronger and better in terms of market share. Our leaders reinforce the need to be humble and not arrogant by taking any success as granted. The rotation of global talent ensures that we are always on our toes.

Q: What are the chances of replicating this in other businesses, organisations and geographies and how does it work as a best practice elsewhere?

A: I think it starts with selecting the right leaders at all levels starting from the top and always being vigilant that every time we make a leadership change the replacement is also a somebody who is in a tune with those values and who believes in those values. I don’t think we can build or replicate this intentionally through words and policy.

Q: In terms of the role that HR department and HR functionaries play, what is that HR in Colgate India does that has contributed to the success in harmonious industrial relations?

A: Often times, if HR is not an integral part of the business team things that we do won’t sustain in my view. Colgate India HR team have done a pretty good job over time and has won the reputation of one of the best business partnering teams in Colgate worldwide. We have HR people who are embedded so much in the business that line managers think that they are their representative in the HR team. HR has done a pretty good job of articulating the organisational culture of caring and repeatedly reinforcing it. Both at corporate HR and unit level HR, we see ourselves as a custodian of the culture.
Every time there is a discussion about appointing a business leader one of the roles we consciously play is asking the question ‘yes, the person has a terrific track record and possesses all the competencies but does he or she live our values’? You force that question in many different ways. I think the business has given us that voice and that seat at the table which allows us to ask the question and there have been occasions where we have denied an important leadership role to our star performer, who we were not convinced would nurture the caring culture.

Q: Coming to your commitment to continuous improvement, what might be some of the aspects in Colgate India’s HR strategy that you may want to address as part of ongoing improvement?

P2: One area is in terms of HR technologies. 2/3rd of the employee population in India today are millennial. We need to invest more in infrastructure deployment and harness HR technology applications that can help us engage with a text savvy millennial work force. Secondly, in terms of gender diversity, we are still unfortunately predominantly male leadership team at the higher levels of leadership in India today. The third area for improvement is that in terms of work force planning, we need to be state of the art and revamp the organisation structure to meet the future business needs.