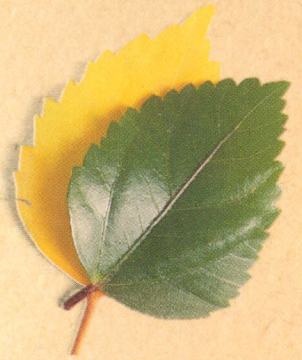
A Company Of People

HINDUSTAN LEVER LIMITED



Hamara

A DIAMOND JUBILEE COMMEMORATIVE

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HINDUSTAN LEVER LIMITED

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Contents

60 *years of* Hindustan Lever

The future is often foretold by the past.

And in the 60 years of Hindustan Lever In India, the past has been a chronicle of attracting, holding and moulding the finest talent in this country, to shape a corporation that stands today for the highest standards of quality, innovation and service to the customer and the country.

This special issue, coming at the end of the Diamond Jubilee, commemorates the spirit that has fuelled this company of people.

Those people have come from every part of this country, to join in shaping the future of a company whose marketing strengths have always been rooted in its technological base. The company's people have flourished in an environment marked by fairness, the belief that even perfection can be improved upon, and the assurance that all you need is merit in order to progress. That has proved a fertile soil indeed, for it has bred men whose calibre has changed the quality of millions of Indian consumers' lives, through sensitivity and responsiveness to the the country's aspirations.

In today's rejuvenated and newly vibrant climate, that spirit is needed more than ever before. 'Competition does not unnerve us,' wrote the Chairman, Mr. S. M. Datta, as the Diamond Jubilee began. 'Instead it inspires us to serve the consumer even better. The technological breakthroughs we have achieved, the commercial disciplines we have developed, and our culture of honesty and integrity created over the past six decades reinforce our confidence and optimism in facing new developments.'

This is not a history so much as a retelling of a spirit that has permeated every step of this company. It is a tribute and record. Through it, those who will now enter the company may revisit a past full of enterprise and vision.

And a deep and abiding concern for people.

Irfan Khan

1
People of quality

"Sir, what are the criteria for appointments to the Board?" the young manager asked Lord Cole.

It was 1965, when Unilever Chairman Lord George Cole visited India, and the person asking the question had been with the company barely four years. Lord Cole had addressed the staff at the Head Office in Bombay, and then thrown open the floor for discussion. He now smiled and replied, "I'm glad you're thinking so far ahead." Pausing for a few seconds, he added, "The criteria for Board appointments are contribution, competence and character. The last takes precedence over the first two."

One can see the depth and wisdom of Lord Cole's casual statement when one looks back over 60 years of the company's history. Both competence and contribution can be measured, and increasingly are, in today's system-oriented work cultures; character can only be assessed and evaluated. Competence and contribution may be boosted by plan and method; character can only be moulded. It must be understood uniquely from individual to individual, and there are no rules of thumb.

To understand Hindustan Lever's stature, respect and credibility, we must study its people, and the meticulous ways in which the company has, from its earliest days, emphasised both character and expertise in all its employees. The most succinct statement of how the company ought to view people is perhaps in a memorandum that Andrew Knox, Chairman of the Unilever Overseas Committee, presented to the Board. The year was 1956, when Hindustan Lever Limited came into being through a merger of Lever Brothers India Limited, Hindustan Vanaspati Manufacturing Company Limited and United Traders Limited. Knox wrote:

". . .It depends on the men concerned, and we must believe that we will find such men everywhere; but we could never go ahead unless we are assured that men, of whatever nationality and race, who might attain the highest positions in overseas business would be assured of unreserved acceptance at that level by colleagues everywhere; any reservation on this would eat at the heart of Unilever as it is today. . . Would you feel as free and happy. . if amongst our numbers were some of a different

'We could never go ahead unless we are assured that men, of whatever nationality and race, who might attain the highest positions in overseas business would be assured of unreserved acceptance at that level by colleagues everywhere'

Facing page
William Hesketh Lever, the first Lord Leverhulme

race? Alternatively, but most important, would you. . be prepared to welcome to your own country the Chairman from a neighbouring country if he were not of European extraction? If the answer is affirmative, as I believe it will be, then I think there can be no doubt that our business would benefit. . ."

Knox's words were prophetic, for the very climate he was pushing for is today a Unilever reality. Consider, for instance, Dr. Ashok Ganguly, who rose from Assistant Research Scientist to become Hindustan Lever's fourth Indian Chairman through the 1980s, and today oversees R&D operations worldwide from his position as Research Director on Unilever's board.

In India, the first small, tentative step towards strengthening and training Indians to handle the Indian company started in November 1937, when the young Prakash Tandon was appointed to the company's advertising department by W. G. J. Shaw, the first Chairman of Lever Brothers India Limited.

As the company's first Indian Personnel Director, Dr. Kalyan Basu laid down specific directions for HLL's personnel policy. 'The idea was not only to be fair, but to make fairness visible,' he says. 'The sole criterion for selection was whether a person was capable of handling the responsibility'

Forerunner of the meritocratic tradition that completely pervades the company even today, Prakash Tandon grew within the organisation to become its first ever Indian Chairman, succeeding Stephen Turner in 1961. There have been other Indian Chairmen since then — Vasant Rajadhyaksha (1968-73); Thomas Thomas (1973-80); Dr. Ashok Ganguly; and the present Chairman, Susim Datta. In a sense, the circle is complete, for Datta joined the company just about the time Turner became Chairman.

But chairmanship is not the yardstick, and the chairmen themselves would perhaps be the first to admit it. Tandon, Rajadhyaksha, Thomas, Ganguly and Datta rose from the ranks to steer the company, but the company today has been shaped just as much by the dynamism and creativity of its highly skilled managers. In many ways, it is they, implementing and interpreting the company's policies and plans, who actually move the company forward.

In 1955, the company started its Management Training Scheme, with encouragement and help from Unilever. Dr. Kalyan Basu, who later became the company's first Indian Personnel Director, was among a handful who pushed for the scheme. "Our specific objective was to select young people from Indian universities," he says, "and train them to take over the running of the company in the future. We went around the country, setting up selection procedures and training methods."

As Personnel Director, Basu laid down, for the first time, the specific directions of the company's personnel policy. "The idea was not only to be fair, but to make fairness visible," he says. "The sole criterion for selection was whether a person was capable of handling the responsibility." Under Basu, there emerged an administrative manual which dealt with delegation of responsibility, internal promotion, rationalisation of service, intensive training, grades and job classes.

Basu's successor, Dr. Ranjan Banerjee, says, "People who join Hindustan Lever are the cream of an intelligent country — and after the Second World War, they began increasingly to come to industry." As head of Personnel from 1965, Banerjee decreed that everyone from the Chairman downwards would have to share their experience by teaching at the management training courses.

Tandon was himself deeply involved in the management movement. Recruited to lend a hand with the country's first ever consumer research project, concerning housewives' reaction to Dalda, Tandon in his time introduced the discipline of business research, using economic and statistical disciplines for forecasting. He was involved in

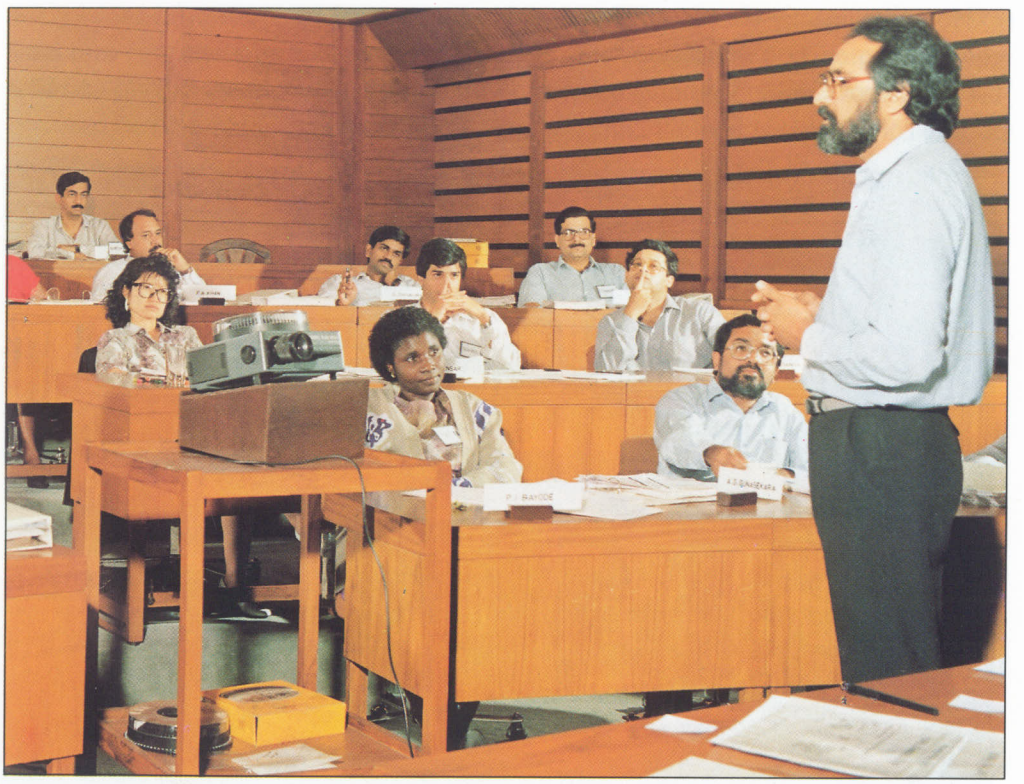
the reorganisation of the company's already formidable distribution system.

"The environment required experimental thinking," remembers Ranjit Talwar, who retired as General Sales Manager and is credited with having started rural penetration by introducing cinema vans in 1955. "We younger people began to challenge the system." For example, at that time Cardboard Local Delivery (CLD) boxes were used only for factory deliveries. But they were cheaper than wooden crates, could be sent in railway wagons and stored in company depots — why not use CLDs for upcountry deliveries as well?

R. Ramaswami, who served as Vice-Chairman under Tandon, remembers another market innovation, by Maurice Zinkin, the *lagan* calendar. "*Lagan* in Hindi means marriage, and the *lagan* calendar used to list auspicious dates for weddings," he remembers. "Marriages naturally mean feasts, and feasts mean increased consumption of Dalda, whose production would go up around *lagan* dates."

In 1959, the company created marketing history with the launch of Surf detergent powder. "David Orr, Marketing Director, Soaps, called an unprecedented all-India salesmen's conference in Bombay for the occasion," recalls Ramaswami. Orr, to those who knew him, was almost a legend. He had served in the British Army and lived many years in India. As a Lever employee in India, one of his first steps was to engage a *moulvi* to teach him 'Hindustani'. "He would practise on traders while on tour," remembers Ranjit Talwar. "They of course thought that it was a dialect of English and would often ask me what Orr *sahib* was saying."

Turner, Orr's Chairman, had foreseen the coming crunch in the edible oils that were so vital to the company's soapmaking business. The imported alternatives would clearly be unviable. Turner's solution was scientific research, and he spelt it out in a visionary and prescient speech at the Annual General Meeting of 1959.



Everyone must teach by sharing experiences at the company's management training courses. This tenet of HLL training holds true from the Chairman downwards

LEFT
An international course at Gulita, the company's training centre in Bombay

Prakash Tandon saw that information, intelligently elicited, analysed and utilised, could be a powerful tool for the company's growth. The company's first Indian Chairman showed sceptics that he was ready, willing and able to take confident charge of his company's growth in this, his country

An old India hand with a deep attachment and commitment to this country, Turner was convinced that the solution could emerge in Indian laboratories, from Indian minds. "Homespun but very excellently spun" was how he would proudly describe his Indian colleagues of proven competence. The first steps towards an indigenous research establishment were taken under Turner's patronage, in 1958, when Dr. S. Varadarajan was taken on for the task. A scientist of national stature, he had headed the Council for Scientific and Industrial Research, and was also Secretary to the government's Department of Science and Technology. After the Bhopal tragedy, when a gas leak killed thousands, he was called upon to lead the team that undertook the perilous task of disposing of the stored methyl isocyanate.

"He was mainly responsible for pioneering industrial research in India and ensuring a significant place for it in the scheme of things," says Dr. K. K. G. Menon, who succeeded him.

In Tandon's time, research grew wings. The first fine chemicals unit and nickel catalyst plant based on indigenous technology also came into being. The focus began to shift from a primary thrust towards developing baby foods and cheese, to the study of unconventional sources for soapery oils. In this, Research as well as Development played important roles. For instance, while the development of the potential in castor seeds was being investigated by Research, the team in Development, headed by S. M. Datta, was looking into rice bran.

In 1966, the first unconventional oils, from rice bran and castor, entered soap manufacture. The effort, which is perhaps one of the largest research-based import-substitution projects ever undertaken in this country, has borne unprecedented fruit, resulting in large foreign exchange savings.

In those days, information merely meant production control. Tandon saw that information, intelligently elicited, analysed and utilised, could be a powerful tool for the company's growth. The company's first Indian Chairman showed sceptics — and in all fairness, there were indeed only a few of those — that he was ready, willing and able to take confident charge of his company's growth in this, his country.

BELOW HLL's *consumer products today span a wide spectrum, from toothpastes and soaps to concentrates*

V. G. Rajadhyaksha's was a difficult inheritance, for he was heir to the government price controls that had been imposed towards the end of Tandon's chairmanship. Rajadhyaksha had an unenviable job and he did it with commitment and initiative — that of persuading the government that such controls were not progressive. He spent a good deal of time in Delhi, battling bureaucracy and dogma, but in the process evolved new and creative solutions to the company's quandary. As a man of commitment to India, he endorsed whatever was deemed to be in the nation's best long-term interests; but as a Lever employee, he had to ensure that the company grew despite environmental tourniquets that could have put it out of business entirely.

Rajadhyaksha's solution completely altered the terms of the company's dealings with the nation. He knew that Hindustan Lever would be hard hit by the newly formulated Monopolies and Restrictive Trade Practices (MRTP) Act. It was already clear to him that soaps and detergents were areas where others would follow the company. Besides, so many of the company's traditional consumer products came under price control that they hardly held the power to secure the company's future any more.

At a board meeting in Bombay, he suggested that the company ought to consider diversifying into areas of national priority. The board accepted. Rajadhyaksha told John Mann, the contact director on the Unilever Overseas Committee, that continuing exclusively in detergents or foods would mean sure extinction. "On the basis of our strengths — finance, good management and goodwill — Unilever must allow us to enter areas which are profitable," he argued. "We must treat ourselves as entrepreneurs and not merely subsidiaries of Unilever. That Unilever does not make certain products like fertilisers is not good enough logic. If Unilever does not have the knowhow, we will get it from others."

'We must treat ourselves as entrepreneurs and not merely subsidiaries of Unilever. That Unilever does not make certain products like fertilisers is not good enough logic. If Unilever does not have the knowhow, we will get it from others,' said Mr. Rajadhyaksha

Mann agreed with Rajadhyaksha but did not feel he would be able to carry the Unilever board with him. "In such an eventuality," Rajadhyaksha remembers telling him, "you must convey our sentiments to Sir Ernest Woodroofe, our Chairman."

In 1971, the Directors of all the Unilever companies operating in countries east of the Middle East met in Singapore to discuss ways of cutting costs, and Dr. Woodroofe was present. At the two-day conference, Rajadhyaksha found time to make a brief presentation of his strategy for Hindustan Lever. "Dr. Woodroofe asked only one question," remembers Rajadhyaksha. "'Do you have the people to run the chemicals business?' I said there was a nascent chemical industry in India and that we would have to look for people there."

The whole session with Dr. Woodroofe was over in 20 minutes. The answer was yes. The project, a fertiliser plant in Bhatinda, Punjab, fell through when emerging government policies rendered it unviable. However, the course was set. The company had taken a step into India's core sector, and it was irreversible. The move to industrial chemicals happened finally at Haldia, West Bengal, with the manufacture of sulphuric acid, phosphoric acid, sodium tripolyphosphate and later, di-ammonium phosphate.

Rajadhyaksha is also significant because he was the first ever covenanted manager to join the company on the technical side, in 1948. Like other Lever Chairmen, Rajadhyaksha is the product of a scrupulous meritocracy that has unfailingly sought excellence, calibre and potential. Finding it, it has sought to make it bloom through training and professional inputs, including breadth of experience within the company. Finally, it has held the door open so that the people shaped by the company receive the

RIGHT
Mother Teresa at Asha Daan, the home for the dying and the destitute at Bombay

opportunity to shape the company in their turn.

Thomas Thomas' turn came in 1973, and he spent his first few years grappling with the vagaries of price control on both soap and vanaspati. "In the early part of the 1970s, there was serious doubt whether Unilever in India would continue to be in the original vanaspati business," he says. "During the previous decade, the vanaspati business had been weathering one of the most bureaucratically clever but commercially absurd systems of price control ever devised. The company's management tried over the years to cope by reducing costs constantly. But by 1973-74, we had to endure an even more absurd pricing based on "notional" — in other words, non-existent — usage of imported cheaper oils."

The company underwent a sort of renaissance. Thomas started visiting the markets again, feeling that now, with price controls gone, brands could once more compete with each other. Unique selling propositions became viable, marketing was rejuvenated

Faced with environmental anomalies and paradoxes, Lever men characteristically roll up their sleeves and bring all their skills to bear. Thomas found that "like everything else in our country, sense and persuasion prevailed ultimately." Price control of soaps ended in 1974, and that of vanaspati in 1975. Thomas wasted no time — as soon as the path ahead became clear, he began charting a course correction. The result was a 10-year modernisation plan and a renewed impetus for diversification which led to the Haldia project.

Other good things followed: the fortunes of the company's ailing dairy unit in the backward district of Etah, Uttar Pradesh, began to turn around with the development of an Integrated Rural Development Programme. With his strongly developed sense of social responsibility, Thomas also involved the company in the opening of Asha Daan, Mother Teresa's home for the dying and the destitute, in Bombay.

The company underwent a sort of renaissance. Thomas started visiting the markets again, feeling that now, with price controls gone, brands could once more compete with each other. Unique selling propositions became viable, marketing was rejuvenated and the soaps, edible oils and personal products businesses flourished, with increased investment and profits. Most importantly, the company was able to vigorously pursue its policy of expansion into core sector manufacture, which eventually proved a far-sighted development.

The hallmark of Thomas' tenure was perhaps a rebuilding of trust between the nation and the corporation in the aftermath of a trying period. "Unilever managers cut their teeth in dealing with the government and earned their confidence and respect initially through the vanaspati business," notes Thomas. "The government trusted us as honest and competent professionals. Hindustan Lever has built this up over the years into one of the great strengths of the company." In 1979, Thomas was appointed to the Unilever Board, the first Indian to achieve this distinction.

Dr. Ashok Ganguly, Thomas' successor in 1980, would often be asked what the culture of the company was. "I could never accurately describe it," he says, "except to state that, by a combination of factors, Hindustan Lever was able to attract a group of ordinary people and enable them to perform extraordinarily."

Ganguly himself is a wonderful example of one of those extraordinary ordinary people. He joined the company in 1962 as a management trainee, and worked in Research for eight years, with stints at T. J. Lipton, USA, Unilever Research in Vlaardingen, and in the Head Office in London. However, his grounding in management took place on the shop floors of the Bombay and Garden Reach factories.

"Any young Lever manager will understand the feeling of having to almost restart a career a couple of job classes lower, with no promise of what the future might hold," he says. A "momentary unease" went through his mind when he was appointed as Soap Packing Manager in Bombay Factory, and put in charge of 400 people. "They are years of very fond memories of those who readily shared their years of experience to help me through my initial hesitant days in dealing with a whole set of strange problems such as unprocessable soaps and veteran union leaders," he says.

But it is precisely such latitude of experience that finally creates a very unique character and the special skills needed to manage a mammoth business and its people. When Ganguly took the Chairman's position, Mrs. Indira Gandhi had just returned to power, and N. D. Tiwari, her Industries Minister, first used the word 'liberalisation'.

Dr. Ashok Ganguly developed a close professional relationship with New Delhi, one based on a good deal of mutual understanding and confidence

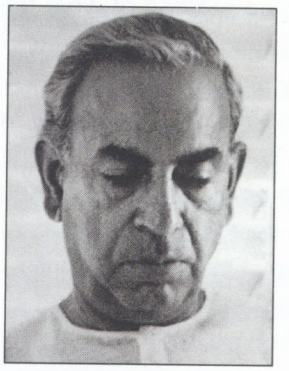
BELOW *In 1988, Dr. A. S. Ganguly was awarded the Padma Bhushan*

Mr. W. G. Shaw
1944-1947

Mr. C. S. Pettit
1947-1953

Mr. A. J. C. Hoskyns-Abrahall
1953-1957

Mr. S. H. Turner
1957-1961



Mr. Prakash Tandon
1961-1968

Mr. V. G. Rajadhyaksha
1968-1973

Mr. T. Thomas
1973-1980

Dr. A. S. Ganguly
1980-1990

Mr. S. M. Datta
1990-

"Although it did not result in any tangible benefit for a very long time," says Ganguly, "one could sense the thrill of anticipating a period when India's industrial and economic policies were about to undergo profound change." Ganguly developed a close professional relationship with New Delhi, one based on a good deal of mutual understanding and confidence. He was appointed as a member of the Prime Minister's Science Advisory Council for three years from 1986. In 1988, he became the company's first Chairman to receive the prestigious civilian honour of the Padma Bhushan.

"Some may have felt that I was getting too close to the government for comfort," says Ganguly. "I tried to explain to them that one did not run a corporation like Hindustan Lever by befriending people in the right places or seeking favours. One participates in public affairs and government committees to establish a more sustainable understanding of each other's point of view. . ."

Ganguly's time saw a major thrust into manufacturing activities, with ten new factories being built. Once again, the company responded creatively to MRTP, tying up its own long-term interests with the development of India's industrially backward areas.

But perhaps the most momentous event of Ganguly's decade was the reorganisation of the business in India — and it led to the company's Foods Division being transferred to Lipton. The synergy between the two opened up unimaginable vistas for growth.

It was at a board meeting at Lonavla, near Bombay, that the idea of transferring Foods to Lipton was first brought up — and approved. Almost at once, the magnitude of the task struck everyone. Something like 600 different permissions and clearances were required. Bharat Mahey, stationed in Delhi, had to deal with a vast bureaucracy involving several ministries, a tedious passage from desk to desk, with endless comments at each halt. "We feared it might take too long," says Mahey. "It seems incredible that it was all through in a year and a half." The transfer finally went through in May 1984, and the edible fats, dairy and animal feeds sections of Hindustan Lever moved to Lipton.

There was something poignant about the transfer, for vanaspati had been a part of the company's identity and soul till then. The partition had all the force of reconstructive surgery, for what emerged was not a re-structured company but a new identity. Hindustan Lever, unfettered, could now concentrate on its own diversification into chemicals, the agri-business and aquaculture.

It is clear that the nation today is similarly throwing off its shackles of obsolete wisdom, and rushing forward to meet the world and a new industrial future. "Let the whole world hear it loud and clear!" proclaimed Dr. Manmohan Singh, the Finance Minister, as he revealed to Parliament the details of his economic reform programme. "India is now awake!" Being international is no more anathema; neither is technology transfer; and exports are pivotal to growth. In demand now are people with the ability to creatively exploit opportunities, and the alertness and intuition to recognise them.

If one could cast one's mind to the moment when the company's first ever opportunity was spotted, then one will perhaps have to travel back to the late 19th century, and stand beside an extraordinary man called William Hesketh Lever, in the small industrial town of Warrington, staring down thoughtfully into the large vat which contained his future.


SUNLIGHT SOAP.
SUNLIGHT SOAP
Not yet One
And Washing Done"

2
Early years

There was nothing attractive about the angry boiling broth of soap in the pan. It seethed and surged, changing colour, gathering in ferocious swirls and eddies as its chief ingredients — palm kernel oil, cottonseed oil, resin and tallow — fought among themselves and then dissolved. The date was 27 October 1885, the place was Warrington, England, and perhaps no one watching the turmoil in the pan would have guessed that at its end would emerge a soap so clean, bright and pure that it would create manufacturing history, and forever alter the way housewives did their laundry.

It was a revolution meticulously planned by William Hesketh Lever, the visionary British industrialist most personally involved with the breakthrough. For months, he had watched the travails of housewives on washday, when they would have to take knife to unwieldy bars of strong, hard, harsh and nameless soaps to cut them into convenient slices. Lever intended to pre-slice his soap into tablets, give it a name and attractive packaging — each of them a marketing strategy without precedent. "Every ounce of soap we make shall be pure and genuine, honest to the backbone," he declared. "Every batch of soap shall be thoroughly tested before it leaves our works, and we are prepared to stake our reputation on every single tablet we send out." So confident was Lever that Sunlight was without equal, that he staked an unconditional £1,000 guarantee on each tablet.

For almost a year, he had already been selling it as Sunlight Self Washer, convinced that it could "wash of itself". Where Lever obtained the formula is not known, but the early Sunlight had left much to be desired. Though it lathered liberally, it also sweated drops of oil, made hands greasy and in time went rancid. Indeed it wasn't till a customer walked into the warehouse and asked for "some more of that stinking soap" that Lever began to think. A little citronella perfume successfully overlaid the unpleasant odour with a note of lime. Innovations in the soapmaking process led to fundamental changes that made Sunlight the first soap in the world that served the housewife's needs with a gentle touch, and freed her from a ruthless drudgery. It was an essentially pure soap, kind to the housewife's hands and skin.

Housewives all over Britain were being told in advertisements that they could once again contemplate leisurely evening walks with their husbands — just like in the 'courting days' — now that they could finish all their washing in time

FACING PAGE
The first advertisement of Sunlight soap that appeared in the Times of India in 1888, when Sunlight was imported into this country

The name 'Sunlight' itself had come almost like a command from heaven. "Suddenly, I don't know how, after three or four days, it flashed across me that Sunlight was the one," Lever recounted later.

Sunlight's uses were purportedly legend. In combination with a teaspoonful of brandy and a pint of gin, went one instruction, it was peerless in washing even silks and delicate clothes. Housewives all over Britain were being told in advertisements that they could once again contemplate leisurely evening walks with their husbands — just like in the "courting days" — now that they could finish all their washing well in time.

Before two years were over, Lever's Warrington Works were producing 450 tonnes of Sunlight a week — and demand was climbing even faster for this soap of soaps.

In 1888, four years after England saw the dawn of Sunlight, visitors to the bustling harbour in Calcutta, India, might have noticed an unusual consignment of crates just arrived and lying almost unnoticed among other goods. The sides of the crates bore the legend 'Made in England by Lever Brothers', and within them were tablets of Sunlight. Within months, "the tablet that foams" had entered Indian homes and housewives' hearts, setting a new standard of washing efficiency.

With it, a new era in India's industrial history quietly began, leading, in 1956, to the formation of Hindustan Lever Limited.

Any chronicle of the forces that shaped Lever's activities in India must find a way to weave together two diverse strands. In the simplest terms, we must think of two unconnected manufacturing activities taking place in Europe, each with exports to India. One, relating to soaps and toiletries, was the province of Lever Brothers of England. The other was a cooking medium that had been named vanaspati, and was with a clutch of Dutch margarine manufacturing concerns.

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ABOVE RIGHT
An early poster advertising Sunlight soap's arrival in India
RIGHT
So confident was Lever of Sunlight's superiority that he offered an unconditional £1,000 guarantee on each tablet

Unlike soaps, the vanaspati line of business developed late. Household ghee was made from clarified butter, and was a widely used Indian food. However, demand far outstripped supply, and prices were rising. The local trade's response was to adulterate ghee with cheap and sometimes harmful substances.

By the 1920s, it was becoming clear that there was probably a waiting market for a high-quality, imported alternative. As long as

the product looked and felt granular, like original ghee, and had the same taste, it could carve out a market for itself.

Two international products fitted the bill perfectly: hydrogenated vegetable oil and hardened whale oil, both widely used to make margarine and cooking fats. The Indian market for imported Dutch vanaspati was large, and grew rapidly. The chief exporters were the Van den Berghs, Verschure Creameries, Jurgens and Hartogs. In 1922, Jurgens had registered the trade mark 'Lotus'; in 1926, Hartogs registered 'Dalda'.

Both vanaspati and soaps in India might very well have remained the domains of different expatriate manufacturers had it not been for a merger that took place in Europe in 1930. By then, the Dutch margarine manufacturers had already grouped to form the powerful Margarine Unie. Spurred by their shared interest in catering to the housewife's needs, Margarine Unie and Lever Brothers of England started negotiating the amalgamation which created Unilever. Almost at once, the process of integrating the company's soaps and vanaspati business in India began. By then, Lever's soap-selling operations in India had undergone several major transformations, and it is illuminating to quickly recount those.

Seven years after Sunlight was introduced, in 1895, Lever appointed agents in Indian ports to handle the sales and distribution of his growing exports to India. That was also

Unlike soaps, the vanaspati line of business developed late. Household ghee was made from clarified butter, and was a widely used Indian food

LEFT
Sunlight and Dalda posters are prominently displayed in a typical rural retail outlet in south India

the year Lifebuoy soap was added to the list — soon to be followed by other names out of history like Vinolia, Velvet Skin Soap, Lever's Health Soap, Blondeau and Lullaby Bath Soap.

Four years later, Lever put out the first soap flakes — paper-thin and fast dissolving by-products of the toilet soap mill, delivering the typical creamy lather of toilet soaps. Lever launched Lux flakes in England first as a safe washing product for woollens and fine fabrics, but gradually shifted the emphasis to the fact that it was mild on housewives' hands.

In 1905, Lux flakes reached India.

As the market grew, so did the need for a better distribution system. Visiting representatives gave way to resident ones headquartered in Bombay, Calcutta, Madras and Karachi, who systematically toured their territories, gathering first-hand knowledge of market conditions in various parts of the country.

The travelers' tales of these early pioneers are still remembered. Such as one who found a full-grown tiger sunning itself right in the middle of the road. Or another about the representative who used Sunlight for a quick automotive fix when he discovered that his carburetor was leaking. Stranded far from any village, all he had was his carry-bag of Sunlight samples. Quick as a flash, he cut a slice, softened it, slapped it against the leak, and drove away. Each time the makeshift plug fell off, he'd deploy more Sunlight. This way, he finally covered 60 kilometres and reached civilisation (and, presumably, a garage) again.

Satisfied that India was a burgeoning market, in 1913, Lever registered a subsidiary, Lever Brothers India Limited, in England in 1913, mainly to safeguard his brands. It was an almost trouble-free system. As A. C. Knight, Lever's Director, Overseas Companies, put it in 1924, "Lever holds no stocks in India and sells for cash against documents. It is a clear-cut, easily controlled and very satisfactory way of doing business."

Lifebuoy soap was added to the roster of soaps — soon to be followed by other names out of history like Vinolia, Velvet Skin Soap, Lever's Health Soap, Blondeau and Lullaby Bath Soap

By then, of course, Lever Brothers had had several adventures, and some misadventures, in making and selling soap in India. By 1919, Lever had acquired a controlling interest in the other two major British soap companies exporting to India, J. Crosfield and Sons and W. Gossage and Sons. In India, Crosfield and Lever operated in similar ways but Gossage maintained their own supply lines, with depots throughout the country. Resident agents ordered goods from these depots and paid in rupees, while all Crosfield and Lever goods were paid for in sterling.

Lever seems to have been perfectly content with the workings of his three exporting companies till 1917. But then sales began to drop, and continued to slide over the next four years. To a good businessman, such decline is a signal of something wrong with the system, and that some introspection might be necessary. It was known that Indian industrialists had begun evincing interest in vegetable oil and its products. In 1917, the Tatas, who were prospering in the cotton and steel markets, had begun looking into oil milling and related manufacture.

It is believed that the seeds of Lever's interest in manufacturing in India, rather than exporting to it, began at this time. By 1919, Gandhiji had launched his *swadeshi* (self-reliance) movement, to induce Indians to buy Indian made rather than imported — particularly British — goods. By 1920, wartime shortages had spurred local manufacture of almost 20,000 tonnes of soaps, most of it low quality and certainly no competition for Sunlight. However, word reached Lever that a relatively more modern factory was

owned by the North West Soap Company at Garden Reach, near Calcutta. Its capacity was 2,250 tonnes and it was more than two decades old.

What came to be called 'the factory proposition' was examined by two experts from Port Sunlight, M. E. Marples and C. E. Tatlow. Marples strongly felt that the North West Soap Company's activities did not threaten Lever at all, and was confident that the company could turn out "better soap of each class and with a larger production. . . [and] we should be able to undersell them." Most raw materials were locally available; labour was cheap and, once trained, efficient; taxes were "purely nominal"; and there might be a market for by-products such as edible oils and fats, cattle cake and glycerine.

Marples recommended finding a site near Bombay for building a factory, and proposed another factory on land at Sinduria, near Calcutta, with a capacity of 500 tonnes of toilet and 20,000 tonnes of laundry soaps. These figures are important, for they show Lever's intentions — the production of 20,000 tonn-

ABOVE LEFT
In August 1932 Bombay Factory was complete and in production
LEFT
Crates of Sunlight soap being loaded into a truck

By 1919, Gandhiji had launched his swadeshi (self-reliance) movement, to induce Indians to buy Indian made rather than imported goods

es would have completely eliminated all soap imports from England. Around this time, the early 1920s, we know that Lord Leverhulme visited India, accompanied by D'Arcy Cooper, his accountant and chief adviser who later became the company's Chairman. The records are unclear, but there is reason to believe that the Sinduria site was approved and purchased during Lever's visit.

Unfortunately, no work ever really started there, for the company hit a financially rather embarrassing patch at this time. In 1920, Lever Brothers had just acquired the Niger Company in Nigeria, at a price of £8 million, only to discover that their new acquisition had an undisclosed overdraft of £2 million. In the year or so that it took the company to recover from the miscalculation, liquidity was seriously affected, and the very fate of the concern lay in jeopardy. A remote effect of the crisis was complete inactivity at Sinduria: the factory did not come up.

Lever severed links with Boulton's, and bought full control over the North West Soap company. It was decided that Garden Reach Factory would continue manufacturing its own brands rather than Lever soaps

ABOVE RIGHT
D'Arcy Cooper, Lord Leverhulme's accountant and Chief Adviser
FACING PAGE
Bombay Factory's Pan Room

Instead, Lever tried to move into soap manufacture by forging a new alliance, this one with Boulton Brothers, a London bank with interests in India and the Far East. In India, Boulton had built up an unstable edifice of interlocking companies, all of them established since 1916 and registered in India. Of these, only two could be regarded as solid assets: both were majority owned subsidiaries for manufacturing vegetable oils and their products. One was the Premier Oil Company of India, which owned the Premier Oil Mills and the other related companies producing vegetable oils together with a factory site at Oyaria on which an oil mill was to come up.

The other, the Premier Soap Company, a holding company formed in 1919, owned the North West Soap Company. When T. H. Boulton approached Lever in January 1921, "to get Crosfield, Gossage and Lever Brothers interested in the North West Soap Company", Lever must have sat up. Here was an opportunity to work a fully functional and existing factory in India rather than build a brand new one.

Lever gave members of the Boulton group 244,889 preference shares, 150,000 ordinary shares and 250,000 deferred ordinary shares, while retaining three-quarters of the ordinary shares and full control of Lever Brothers India Limited (LBIL). Boulton reciprocated by handing over shares providing LBIL full control of the Premier Soap and the North West Soap companies.

But the sham was soon out in the open, when it became clear that Boulton's so-called assets and scrips were hardly worth more than the paper they were printed on. Secondly, the North West Soap Company was incapable of producing soap in either the quantity or quality to replace Lever imports to India. Worse yet, the factory site was the princely estate of Nawab Wajid Ali Shah, the one-time king of Audh, and as such was too small for expansion: the buildings were antiquated, the plant in disrepair. Lever realised by November 1922 that it was "not going so well as one would have hoped".

Lever managed to regain freedom of action by breaking off all links with Boulton's, and buying full control over the North West Soap company. It was decided that the Garden Reach factory would continue manufacturing its own brands rather than Lever soaps, at least until the factory's capabilities could be expanded.

Clearly, Lever did not want to relinquish the manufacturing facilities at Garden

ABOVE AND FACING PAGE
The site of Garden Reach Factory was the princely estate of Nawab Wajid Ali Shah, the one-time king of Audh. The factory that stands at Garden Reach today is large, modern and one of the stars of HLL's operations

Reach. "Explain any possible advantages to the three firms if this were done," he wrote. Lever, it would seem, had a knack for buying elephants, but once he owned them, he also had a penchant of not letting them go, choosing instead to make them pay, by dint of careful thought and perseverance.

Lever was convinced that his remaining companies ought not to be turned into "scrambled eggs", but should retain their individual identities. It was vital, according to him, that native agents should be made sharply aware of the differences between different brands. Accordingly, when he pondered the question of the best structure for the Lever businesses in India, a loose confederacy was what suggested itself to him. Lever, Gossage and Crosfield would have separate organisations in India "with somebody at the head of the lot, preferably a Lever man. . ." All common problems would be dealt with by the new Export Trade Board which had just been set up in London.

Lever died in 1925. The new system he had set up in India continued virtually unchanged till 1933. But by then, the first rumbles of a nation discovering itself had already begun to be heard.

It was becoming clearer that in order to take from the Indian market, one had to be able to give something to it first.

3
Moving into manufacturing

The British clerk had been told that the word vanaspati translated clearly into "king of the forest". He had been regularly encountering the word while going through export regulations pertaining to India. Who or what was this "king of the forest" that India refused to export? He even dashed off a query to a colleague in India requesting a complete explanation of the word. But no one has really been able to explain why the peculiar granular hardened fat that the company began selling in India as an alternative to ghee was called vanaspati. Or for that matter, Dalda.

While Lever Brothers' executives were coming to grips with the new product in their repertoire, in India local competition and protective tariffs had begun to rock the boat. The first warning rumbles were relayed in May 1928 by Ralli Brothers, one of the Indian managing agents of the Dutch companies. Their information was that an Indian firm, Ganesh Flour Mills, was looking seriously at manufacturing vegetable ghee in India.

How significant was this information? How ought the Dutch to respond? On 10 September 1929, it was decided to despatch a certain Mr. Royle of Van den Berghs, one of the members of the Margarine Unie, to India to look at the feasibility of local vanaspati manufacture. The date is significant, for it reveals that the question had become an issue even before the merger with Lever Brothers.

Royle's considered opinion, at that time, was that "a factory in Bombay would not be a practical proposition". He demonstrated that manufacturing costs there would be much higher than for the same product made in Holland. Not only were Indian raw materials more expensive because a crushing mill would have to be built, but Indian linseed oil had 15% protection. Besides, tins for packaging would have to be imported, and water, coal and oil were costlier.

But imports continued to slump, Royle notwithstanding, and protective tariffs kept rising. On 29 October 1930, a top level meeting was held in London to discuss manufacturing in India. The decision must have been in favour, for the very next day, a certain Mr. Naumann was charged with compiling the comparative costs of setting up a factory in India. On 20 February 1931, after an attempt to buy up an existing oil mill

Today, it is anomalous to think of HLL as a maker of soaps and household products, for it has explored manufacturing options it might once have deemed unthinkable

FACING PAGE
Hydrogenation plant at Bombay Factory

had fallen through, a site was leased at Sewri, 7 kms from the centre of Bombay On November 27 that year, the Hindustan Vanaspati Manufacturing Company (HVM) was incorporated — starting a 60-year history that has led up to today, and paving the way for local manufacture.

Meanwhile, in an entirely unrelated area, soaps, events were moving Lever Brothers in England towards indigenous production rather than imports.

"It would be a mistake to make locally." With these words, Duraiswami Iyengar, Madras agent of Lever Brothers India Limited in 1923, had argued with A. C. Knight, Lever's Director Overseas Companies, that the company ought to continue importing soaps from England. Native soaps were no doubt inexpensive, he agreed, but no one would apply a word such as quality to them. "The public at present considers imported soaps of better quality and is willing to pay more for them. But make the same soaps in India and they will at once lose their value," he warned.

On 5 March 1931, the Unilever Chairman referred to 'the possibility that we should soon have to put up a factory in India to avoid new duties'

By the early 1930s, voices speaking for change within the Lever world in India were converging to a chorus. There is on record a recommendation dated 10 February 1931, from Andrew Knox, who "looked after India" from his position in the Overseas Committee in London. He sought three things: "some large sum of Capital Expenditure in the not too distant future on a factory, the decrease in the price of our biggest prof-it-earner [Sunlight] and the re-orientation of our selling force in India. . . Unless we are prepared to take the bull by the horns, we will find ourselves tossed out of India by the united effort of Nationalist sentiment and a growing indigenous soap industry."

The bull that Knox referred to had been on the rampage for two years already. At home, the *swadeshi* movement was stirring up strong nationalist sentiment, resulting in a boycott of imported goods. Worldwide, recession had forced a general collapse of trading activities between 1929 and 1931. India's exports, most of them agricultural,

BELOW
Bombay Factory skyline

had declined, and with it, her imports had begun to trail off. The toilet soap trade fell from 18,830 tonnes in 1929 to 11,289 tonnes in 1932. Over the same period, Sunlight soap dropped from 7,300 to 3,300 tonnes. The situation in Bombay, the company's biggest market and always an excellent barometer of national trend, was a thumbnail sketch of the general gloom. Sales had plummeted here from 1,400 cases in 1929 to a paltry 346 by end 1931. Knox remembers one depressing week when the only order was for 48 cases, from the Army and Navy stores.

By the end of 1931, it was clear to everyone that a crisis loomed. Even while Knox's grim February recommendation was being digested, the Indian import duty on soap was pushed up from 15% ad valorem to 20%, and later to 25%. On 5 March 1931, the Chairman of Unilever, in the Managing Directors' Conference, referred to "the possibility that we should soon have to put up a factory in India to avoid new duties." The sense of urgency must have been palpable in Knox's November memo: "Selling effort must be the essential feature of any policy we lay down for our future in India," he wrote, "and a change in our methods to enable us to use this effort is the first move we must make towards the reconstruction of our business. . . We would gravely be at fault did we not have the courage to adjust our policy to new conditions, and the confidence in our ability to do so."

In September 1932, the Bombay Factory proposal even began to make commercial sense. J. H. Hansard, who had been studying the matter on behalf of the Overseas Committee, estimated that the company stood to earn a profit of £48,000 by manufacturing Sunlight in India, as against £30,000 by continuing to import from Port Sunlight. It was expected that India would need about 40,000 tonnes of "a product like Sunlight". Surprisingly, manufacturing in a modern factory in India was not inherently less costly, despite myths about cheap labour and raw materials. Indeed, each tonne of Sunlight made in England worked out £2 14s 5d less expensive. However, once freight and the new import duties were taken into account, the factory was clearly unviable.

In May 1933, a formal application was put in for setting up a soap factory at Sewri, Bombay. It was a move made with considerable trepidation. Even among the board, directors voiced their anxieties. One feared the closure of at least one English factory, and unemployment. Another suggested postponing the project by a year. But it was Unilever Chairman D'Arcy Cooper's perception of India as "too large a

In May 1933, a formal application was put in for setting up a soap factory at Sewri, Bombay. It was a move made with considerable trepidation. But it was Unilever Chairman D'Arcy Cooper's perception of India as 'too large a gap of the world's surface for us to leave uncovered' which carried the day

BELOW
Strapping Sunlight soap crates

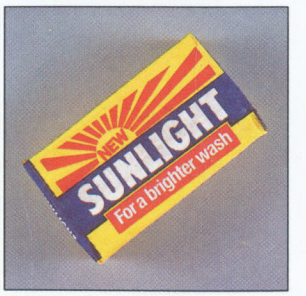
gap of the world's surface for us to leave uncovered" which carried the day.

Lever Brothers India Limited (LBIL) was incorporated in Bombay in October 1933. In September 1934, after more than a decade of discussion and dissent both in London and in India, a Lever factory was allowed to sprout on the land that had been reclaimed by the Bombay Port Trust at Sewri. From here a month later rolled out the first cake of Sunlight soap to be manufactured in India. The same year, the company started manufacturing Lever and Gossage brands at the factory at Garden Reach.

With these developments, a course was set that led deliberately, irrevocably towards autonomy and enterprise. From Sunlight soap, the company spread its wings rapidly, gathering more soaps under its aegis. By 1947, when India gained its Independence, the company's proud roster included toilet soaps like Lux, Rexona and Lifebuoy, which remains the world's largest selling soap even today; Dalda, the vanaspati that re-incarnated ghee so that every Indian could have it; scourers like Vim; and a host of toilet preparations including Pepsodent and Gibbs S.R.

Today, it would be anomalous to even think of Hindustan Lever as a company that only makes soap and other household products. The company's astute flexibility of response to

From Sunlight soap, the company spread its wings rapidly, gathering more soaps under its aegis. By 1947, when India gained its Independence, the company's roster included toilet soaps like Lux, Rexona and Lifebuoy, which remains the world's largest selling soap even today



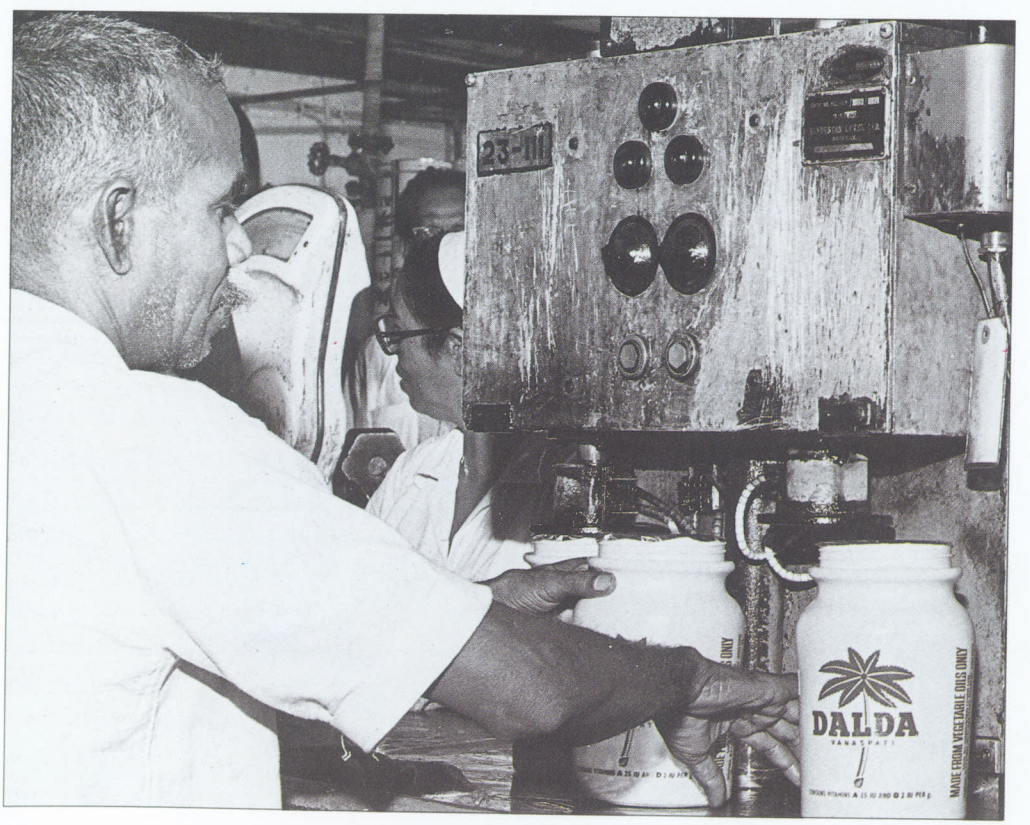
ABOVE
Bombay Factory soap assembly line
RIGHT
Sunlight soap has undergone many changes of face over its 100 years of history

a demanding but fertile environment has made it explore manufacturing options it might once have deemed unthinkable. Yet the company's most visible face is within the Indian home, and its closest ally is the housewife.

Ironically, that very housewife would today raise her eyebrows in surprise to discover that there is something of the company in dairy products in an impoverished district called Etah. Or that in a dominantly agrarian constituency of West Bengal called Haldia, there stands a giant chemicals complex that has helped turn around the industrial profile of that sensitive state. Or that from the company come an array of garments, footwear, perfumes and other products, destined for exotic locations ranging from Vladiovostok and Tokyo to Paris and San Francisco.

But in the beginning, there were only two things — soap and vanaspati. Soapmaking was home turf for the company, but it took a merger between Lever Brothers and the Dutch Margarine Unie — which exported vanaspati to India — before the Indian company acquired a new dimension. In England, Unilever came into being, and about the same time, the Indian office began to get very, very interested in this vanaspati business.

We are told that a huge earthen waterpot greeted visitors to HVM's small office suite on the third floor of the Exchange Building on Sprott Road in Ballard Estate, Bombay. From the blueprints and building estimates that littered the floor and tables, a casual visitor might well have mistaken them to be a firm of engineers or constructors. But construction was going on seven kilometers away, near Sewri railway station and close to the sea, where giant aluminium-painted oil tanks were being carefully hoisted into position. The factory, including an oil refinery and a hydrogenation plant with an annu-



LEFT
The Dalda filling machine

al capacity of 10,000 tonnes of vanaspati, was complete and in production by August 1932. The first tin came off the roller-conveyors without any hitch when the production line was switched on.

Bombay Factory, including an oil refinery and a hydrogenation plant with an annual capacity of 10,000 tonnes of vanaspati, was complete and in production by August 1932

Because Unilever was not yet a fully integrated concern, a complicated structure of companies was set up to run the Indian enterprise. The factory itself was run by HVM. Sales were in the hands of the Hindustan Holland Vanaspati Trading Company. And a third company, the Hindustan Holland Vanaspati Handel Maatschappij, was to act as the link with Rotterdam. The capital of these companies, apart from the single shares held by the directors of the companies in India, was with members of the family firms which had formed the Margarine Unie. Needless to say, this structure proved far too complicated, and in 1937 the manufacturing company, HVM, took over the operation.

It is known that teething troubles nearly wiped out the entire operation, when the Japanese began to flood the market with hardened whale oil, which compared favourably and was cheaper. Spurred by higher profit margins, unscrupulous importers and dealers craftily omitted informing the public that the product originated in fish oil. The unfair competition was sufficient to rock HVM's market position: stocks began accumulating in godowns; the factory had to suspend production frequently. If the government hadn't sensed trouble brewing and intervened, raising tariffs on hardened whale oil, the sale of vanaspati in India might have become completely untenable.

On a cool December morning in 1938, the 40 or so employees of HVM, looking for all the world like an oversized rugby team in their sweaters, trooped into their brand new office on the fourth floor of Scindia House, which looked extremely large — but only for a while. The vanaspati operation was growing rapidly, and requirements of both staff and space were increasing. Soon the entire floor had to be acquired, and it was still not enough. It was a feature of those times that good managers were set apart by the cleverness of their space-saving strategies.

BELOW
The HVM Logo
BOTTOM
Scindia House, Bombay, where the HVM office was located in 1938

Simultaneously, the marketing of vanaspati was undergoing important changes. Most of the production went out in 40 lb bulk tins, to distributors whose domain included India and the area that is today Pakistan and Bangladesh. A very small part of the output was in small packs. Of the 28 brands in the market, HVM manufactured 12, under names such as Lotus, Butterfly, Tiger, Ganapati and Dalda. In 1939, growing marketing wisdom dictated that it would be opportune to concentrate on building up just one, small-pack, household brand. The choice, needless to add, was Dalda.

At that time, P. L. Tandon had been assigned to the company's in-house advertising agency. Tandon vividly remembers the early days of marketing Dalda, working closely with an irrepressible British colleague called Harvey Gate Duncan. Cecil Petitt, the new, young English Chairman, had charged Duncan with

making something out of Dalda, and Duncan was determined to succeed. He swore he would make it the Sunlight of cooking fats. And it was his brainwave to take to the streets to demonstrate cooking with Dalda. The promotion is recorded in detail in Tandon's *Beyond Punjab*:

"Outside the Novelty Cinema in Bombay, he [Duncan] had constructed a small wooden stall and hired three men to run it; one cooked, the other talked, the third walked about inviting passers-by and distributing leaflets. The cook stood behind the counter rolling out some dough which he cut up into small squares. By his side, he had a paraffin stove with a deep frying-pan. He scooped out large spoonfuls of Dalda, melted them in the pan and floated the squares till they fried golden brown. The demonstrator talked about the virtues of Dalda, which they put on the back of their left hand and with their right index finger carefully rubbed into the skin to feel the grain and how it melted, and then they smelt it. He would then offer them another small lump, which they would put on their tongue and again felt the grain and how it melted. . . He would ask them to try for themselves the sweets and savouries *[bhajias* and *halwa]* fried in Dalda . . . At the end, he tried to sell them small tins, which many did buy and proudly took away. . ."

Duncan could see the opportunity: a vast, virtually untapped market, waiting for a product they needed very much. Knowing he had to achieve nothing less than giving a

BELOW
A *Dalda cooking demonstration van*

nation a new habit, Duncan conceived what must have been India's first complete marketing plan, broken into three phases: selling, advertising and consumer promotion.

It is to this enthusiastic expatriate that we must today attribute much of what today characterises Dalda. He standardised the distinctive yellow and green design, with the most distinctive palm tree symbol. The earlier tin pack was redesigned and re-introduced in different sizes: a square 10-lb pack, and three round packs of 5 lbs, 2 lbs and 1 lbs, and finally a 1/2 lb tin for sampling.

India's huge market in household scourers had been awaiting something just like Vim. It set the standard and the pace. Today, it has become a byword in Indian households

It used to be said that anywhere in India, you were never far from an empty Dalda tin — after all, almost 20 million were being sold in a country that hated throwing things away. Dalda tins found hundreds of uses once they were empty: as collectors on Persian water wheels; to hold spices in a grocery; as a sacred pot in which to plant a tulsi sapling; or simply as a mug during the well-side bath or laundry. In fact, Tandon, who succeeded Duncan as Marketing Controller, made an advertising film on this very theme, the ubiquitous Dalda tin.

The smell-feel-taste theme pervaded Dalda advertising, surfacing in every medium Duncan chose from demonstration stalls, newspapers, leaflets and films to girls visiting homes. As speed and depth of coverage began to matter more and more, Duncan introduced mobile demonstration vans, shaped like giant round Dalda tins. Till 1942, when the government requisitioned all the vans, they rendered uncommon service, braving heat and dust and bumpy roads to take the message of Dalda to remote corners of India.

BELOW
The Vim filling machine

The first Dalda film — shown to thousands of consumers from India's first ever mobile film van — was a spicy masterpiece as exotic as the best latter-day Hindi potboiler. In it, song, dance, pathos, coincidence, humour, action, all blended seamlessly into a stirring story recorded on 1,200 feet of film.

It told of a depressed father, who had well afforded his daughter's engagement but now knew that he had not enough money to cook the wedding feast in pure ghee, as custom demanded. A young relation brought the answer, on the condition that it should be kept secret till after the wedding: Dalda vanaspati. On the wedding day, the father watched his guests anxiously from behind a curtain — everyone was eating so heartily that his new worry was whether the food would run out. As the tableware and dishes were being taken away at the end of the successful function, the father reveals

his saviour, Dalda. The film became so popular that young boys on the streets would whistle and sing the giant brand's jingle.

And giant it was. From about 100 tonnes in 1938, the figure tripled in a year. By 1940, it stood at 1,000 tonnes, and was double that figure by 1941.

Meanwhile, in their anxiety to fight the adulteration of ghee with vanaspati, the Punjab government brought in a legislation that made it mandatory to colour all vanaspati sold in the province with a coal-tar dye. During this embarrassing phase in Dalda's life, it was a deep and horrifying orange — and no one knew for sure whether the dye was harmful over long periods. Rather than put the consumer at risk, the company chose not to comply with the legislation. Soon one of the company's distributors was up in court for selling uncoloured Dalda. Fortunately, the government thought better of it and withdrew the case. It is said, though, that the legislation has not been rescinded and remains a law, though a dead one.

A more serious controversy erupted around vanaspati when it was deemed to be "a

ABOVE
A *Dalda cart*

Dalda tins found hundreds of uses once they were empty: as collectors on Persian water wheels; to hold spices in a grocery; as a sacred pot in which to plant a tulsi sapling; or simply as a mug during the well-side bath or laundry

corruption of morals". The person behind the assertion was Mashruwala, one of Mahatma Gandhi's closest followers, writing in the Wardha-based publication, Harijan:

"Vanaspati may be good or bad for health, but none can deny that it is a corruption of morals. Along with textiles, sugar and other industries, it has created vicious economies by making utilisation of food crops and maintenance of milk cattle less profitable than the cultivation of cotton, groundnut, sugarcane, tobacco, etc., thus bringing about deficiencies. The fundamental issue is moral."

In 1925, only £1,650 was spent on advertising in India, most of it on enamel iron plates for dealers' premises, and a distribution of calendars. For a mere £1,000, you could buy print space for ads in 40 newspapers

The emotional arguments gained ground, and a strong anti-vanaspati movement began building up, heedless of abundant scientific evidence from two years of tests, proving that vanaspati was completely harmless, easily assimilated and as digestible as the ghee and raw oil it was made from. Mashruwala's pronouncements, made from the shadow of the Mahatma, were virtually ex cathedra: his objections were to technology and freedom of choice themselves, as well as what he perceived as dishonesty. Vanaspati was not ghee, it was a pretender. Hence, it should not be allowed to exist.

Finally, as a last resort, Tandon flew to Nagpur in a rickety Dakota plane through pelting rain, drove to Wardha, and tried to make Mashruwala see a different viewpoint. It was a spirited and honest debate, with Tandon pointing out that the very *charkha* he advocated for spinning fabrics represented technology. Mashruwala was apparently neither impressed nor convinced, though he seemed nettled by the force of Tandon's arguments. He died — and his movement virtually perished with him — on 9 September 1956.

Like vanaspati, the infant Sunlight soap in India too faced stiff competition from local brands. "Sunlight was the brand for the company," remembers Rajesh Bahadur, an old soaps hand who later became Personnel Director. "Its sales progress was carefully watched, quite naturally, at the very highest levels. Right from the Chairman down, there was also great concern for quality."

The pace, quality and growing professionalism of the company's approach to manufacturing, selling and marketing in India were giant strides ahead of the past. In 1925, recalls Andrew Knox, as little as £1,650 was spent on advertising in India, most of it on

FACING PAGE
A 1931 Sunlight calendar for distribution to traders in India

BELOW
Dhobi ghat, Bombay, which inspired such characters as Chowpat the Dhobi, star of India's first ever ad film, on Sunlight


SUNLIGHT
SOAP
SUNLIGHT SOAP
SUNLIGHT SOAP
1931

enamel iron plates for dealers' premises, and a distribution of calendars. But by the turn of the decade, the budget had already risen to £22,000. The very small sum of £1,000 apparently bought print space for ads in some 40 newspapers in 11 languages, but most of the budget was spent on strenuous schemes for 'upcountry propaganda'.

The first tour would comprise two visits at weekly intervals to the main villages. The first of these visits would be made on market day, and would be used to distribute propaganda material and samples and get in touch with the main dealers. The second, a week later, also on market day, would be made with the object of selling to the village merchants, then, from their stocks, selling to the itinerant stall holders, and then, from their stocks, selling to the consumers.

Initially, bullock carts carried the company's Sunlight crusaders, but these yielded to two lorries — one for Ceylon and one for South India. The Eastern Bengal Railway introduced a Bazaar Special and also a Bazaar Boat on the Irrawaddy River.

"I carried a bulging sample bag," remembers F. B. Daruwalla, whose earliest career memories are of promoting Sunlight in India. "A bicycle and a serviceman accompanied me wherever I went." The company acquired its own sales force by 1941, dispensing once and for all with regional agencies. Staffing the new team were employees drawn from the erstwhile agents, T. T. Krishnamachari and Company, Gobhai and Company, and Katrak and Company. Road transport was underdeveloped, and all goods had to be moved by rail. Distances were vast, temperatures were often extreme, and everyone in those days paid the high price of pioneering.

But regular distribution, a motivated trade and sales force, and powerful advertising

BELOW
The famous artist Ravi Varma painted a calendar showing the goddess Lakshmi. The company had it printed in England for distribution in India to traders

worked together to create an unshakable franchise. There were washing demonstrations. For £300, India's first ever advertisement film was produced, featuring the adventures of Chowpat the Dhobi with the amazing Sunlight soap. The famous artist Ravi Varma painted a calendar showing the goddess Lakshmi. The company had it printed in England for distribution in India to traders.

As for production itself, each batch of Sunlight took seven days before it was ready for cutting. "We used the frame cooled process," remembers C. S. Sangam, a veteran soapmaker who retired from the company after 34 years of service. "When we switched to the water-cooled process, we brought the time period down to two hours. We had stamping machines, but wrapping was done by hand, with a team of 15 girls for each of the five stampers, and 11 tonnes of Sunlight as the target for each day."

By the time India was ready for freedom, in 1947, Sunlight was on top of its market. Dalda, after weathering innumerable cultural and political hurdles, had zoomed up to become a confident leader. One might say that by the 1940s, the early soul-searching that had preceded the start of the company's manufacturing operations in India had yielded completely to a confidence that all was, and would continue to be, well, and most certainly so with the company's main lines, vanaspati and soaps.

If there had ever been a suggestion that it would be a mistake to manufacture soaps locally, then certainly no one remembered it any more.

By the 1940s, the early soul searching that had preceded the start of the company's manufacturing operations in India had yielded completely to a confidence that all was, and would continue to be, well

4
Creating Markets, Building Brands

The letter was addressed simply to 'Soap Swamy'.

Soap Swamy? Who could that be? A local mystic who specialised in washing away sins? An overzealous advocate of divine bath-power?

The postman sorting the mail at the Kottayam post office didn't seem unduly preoccupied by such questions. This was clearly not the first time he was handling mail marked to the Soap Swamy. The letter, he knew, would have to be delivered to V. P. Ramakrishnan, who had earned this sobriquet in his early days as a salesman of Hindustan Lever's products in Kerala. In other parts of India, you might hear of other such 'branded' salesmen — 'Dalda' Raghavendra Rao, or 'Sunlight' Yusuf, for instance — whose tenacity and determination have helped Hindustan Lever create giant brands.

No one calls them 'salesmen' any more. The new designation is Territory Sales In-Charge or TSI — and it reflects the company's approach to creating a field force that can effectively make a company's products ubiquitous in the marketplace. Each TSI works a defined area — his territory. Here he has both authority, considerable independence and answerability — he is in charge. More and more, the company's TSI is functioning as a leader, a strategist, an administrator and a trainer all rolled into one. The nationwide network he administers is among the country's largest.

Clearing and Forwarding Agents are the first to receive the company's myriad products fresh from the factories. Over 3,300 Redistribution Stockists take over next, efficiently servicing about 600,000 retail outlets in every nook of the country, touching the smallest towns and villages. Besides these, about 700,000 shops stock and sell the company's products. Managing this distribution system are over 400 sales personnel, supported by a marketing group at head office, and commercial staff at branches in Bombay, Delhi, Calcutta and Madras.

Less than a century ago, in 1895, in three of these cities — Bombay, Calcutta and Madras — you would have seen no more than a handful of importing agents formally appointed by Lever Brothers of England. And they were all that existed by way of a network for taking the company's products to the Indian consumer.

They were called 'cold-weather birds' because they always came visiting in winter. They were the itinerant and decidedly leisurely Sales Managers from Lever Brothers whose job it was to ensure that the sub-continent was well-supplied with the company's products. In the process, they did indeed set up the basis for today's marketing operation in India

FACING PAGE
The Indian marketplace is full of potential, and HLL's products play an important role in it

They were called 'cold-weather birds' because they always came visiting in winter. They were the itinerant and decidedly leisurely Sales Managers from Lever Brothers whose job it was to ensure that the sub-continent was well-supplied with the company's products. A few Indian 'salesmen' were usually kept on call to accompany the cold-weather birds as guides and interpreters. Tandon has described them well in *Beyond Punjab*:

"They used to arrive in Bombay at the end of the monsoon, and settle at the Taj Mahal Hotel. Their daily routine was strenuous. A large egg and bacon breakfast was followed by a visit to the bazaar, which imposed a strain on hospitality in numerous cups of sweet tea or fizzy drinks. Here they worked for three hours or more, starting with the distributors, and visiting in turn all the main customers. At midday they gathered at the Harbour Bar of the Taj with their counterparts from other companies for a couple of hours of steady beer drinking, followed by large pink gins before lunch. In the afternoon they slept off the strain of the morning. In the evening, a short walk along the sea, a bath and change into white shirt and trousers and black tie, and they again settled at the bar for whisky sodas, pink gins, then brandies after dinner, and ended with cold beer at midnight . . .When the heat set in, in April, they returned to Bombay to take the boat home, with the customary joke that the best view of Bombay was from the aft of a boat."

If Tandon's light-hearted description makes the early days of marketing Lever products in India sound like an endless carouse, it belies the fact that those expatriate sales managers did indeed set up the basis for today's marketing operation in India. As demand grew, and imports yielded to manufacture, their working methods were the ones that proved resilient and equal to the task. The earliest Indian salesmen were

About 700,000 shops stock and sell the company's products. Managing this distribution system are over 400 sales personnel, supported by a marketing group at Head Office, and commercial staff at branches in Bombay, Delhi, Calcutta and Madras

RIGHT
A shop displaying posters of the company's products

trained under these Britishers and, like them, grew into a weatherbeaten, hard-working, dedicated and savvy brotherhood, precursors of a tradition that serves the company to this day.

During the 1920s, Andrew Knox came to India and appointed wholesalers in the larger towns, to serve as the links between the import agents and the retailers. The wholesalers only held stocks; the company's salesmen distributed them according to quota to ensure equitable distribution. Immediately after the Second World War, the system of Redistribution Stockists was set up, for supplying products from wholesalers to retailers. M. H. Oldfield, Marketing Director (Soaps) and also the first ever expatriate Lever manager to have toured India comprehensively, is credited with having thought up the system. He also started what came to be known as 'handcart selling', in which salesmen of the company would personally go out to supply products to shops.

For many company employees, the hot, dusty clamorous market has been a testing ground and training school at the same time, imparting the nuts and bolts familiarity and insights that finally make the company relevant to its consumers. Tandon remembers his own ordeal by handcart, in Pune. The sales management system had just then been somewhat systematised by the Chairman, C. S. Pettit, but the paperwork and procedures that came with it were not exactly a hit with all the salesmen, for they now had to submit a regulated account of both travel and work, covering fixed territories according to an approved plan.

Times have changed since then, mainly because the market has proliferated with new and competitive brands. In 1990, there were as many as 44 brands of washing powder, and 149 brands of soap, vying for the consumers' attention.

Moti Khanna, TSI, Lucknow, says, "The discerning consumer wants value and is willing to pay the price for it. The best brands will thrive, the better ones will survive and those which fail to woo the customer will make a fast exit as well." The brand mortality rate is also high: between 1984 and 1989, according to one estimate, 44 brands of toilet soaps perished.

Villagers in Rajasthan who for years bathed with Sunlight and Lifebuoy are now known to be switching over to premium brands like Liril, Lux and Pears

But brand building has always been one of the strengths of a Lever operation anywhere in the world. Through skilful marketing and persuasive advertising, the company's high quality products today enjoy durable and virtually unshakable franchises. Patterns of consumption change as the benefits of progress and prosperity reach rural areas, and patterns of brand usage are being profoundly transformed. Villagers in Rajasthan who for years bathed with Sunlight and Lifebuoy are now known to be switching over to premium brands like Liril, Lux International and Pears.

"The buying behaviour of rural consumers has changed dramatically," says Supratim Ghosh, TSI, Asansol. "These people are adopting the living standards of their urban counterparts. The villager is now more aware of different brands within a product category, and is asserting his buying behaviour." The lal sabun (red soap) is now called by its rightful name of Lifebuoy, and detergent bars and powders are replacing laundry soaps. The statistics of the Operations Research Group show that in 1990, soap consumption in rural areas grew by 20.8% over the previous year, and detergent powders by 31.5%.

Single-minded positioning, and continuity in marketing policies has enabled the company to develop unique advertising claims and unshakable brand equities. Lifebuoy is uniquely the health soap, just as Liril alone has the "freshness of limes". The stellar

Single-minded positioning has enabled HLL develop unshakable brand equities. Lifebuoy is uniquely the health soap; no soap but Liril has the 'freshness of limes'; Lux, the beauty soap of film stars, enjoys a unique stellar franchise

RIGHT
Lifebuoy scores points at a wrestling match at Indore

BELOW
Lux film stars Simi Garewal, Nergis and Raakhee, with Mr. T. Thomas at an exhibition of Lux star photographs

mantle of Lux, the beauty soap of film stars, gives it a unique franchise.

With some products, the story of the development of a brand property has all the electricity and drama of an adventure movie. Red Close Up, the country's first ever gel toothpaste, captured a small segment of its target youth market in the late 1970s by proposing the "Close Up smile" as a symbol of oral freshness. It enjoyed limited success for many years, and was perceived mainly as a lightweight, urban, westernised product that could not possibly become a national success.

However, because stagnation is decline, the brand's marketing future came under review, and a decision was taken to try and create for it a more durable advertising property than a smile. The timing of the review was opportune, for the country's markets were opening up, and there was room for new and exciting products. Being the country's only gel toothpaste made Close Up a well-differentiated product. However, gel was merely the medium, and likely to be a new and difficult concept for most consumers, and so was not considered a good candidate for a unique selling proposition.

The word mouthwash, on the other hand, was a part of the existing advertising: 'Toothpaste with

real mouthwash', went the claim. Perhaps it could become a brand property.

Close Up, in red and blue variants, was test-marketed in Tamil Nadu in 1988, and the headlines aimed at re-introducing the word 'mouthwash' into the consumer's consciousness with the line 'Do you mouthwash when you toothpaste?' The advertising promoted Close Up as the first in India to offer toothpaste and mouthwash in one product. The test market results were encouraging beyond anyone's wildest imagination. Indeed, it seemed that Close Up in its new marketing avatar might have the potential to grow considerably.

The market stared in disbelief as yesterday's lightweight toothpaste began to inch up in market share. In 1990, it became the clear national second-runner, and a green variant was launched the following year. Since then, the toothpaste market in India has been thrown completely open. Not only have gel toothpastes acquired legitimacy and proliferated, but mouthwash is no more an enigma. Indeed, a mouthwash brands have begun appearing on shelves as a stand-alone products.

Increasing the consumer's awareness of changing technologies and benefits, and developing new products to meet new needs has, it seems, become the company's mainstay in staying alive and competitive in one of the world's largest markets. Mere persuasiveness alone is not enough. "The salesman who can sell a refrigerator to an Eskimo is no longer placed on a pedestal," says R. K. Aneja, General Sales Operations Manager. More to the point is a certain kind of sensitivity to consumer needs and reactions as well as a certain kind of knowledge and understanding of the product, its technology and the market. Indeed, between the company and its consumers today, it is more than a traditional market relationship between a manufacturer and a consumer.

Indeed, it comes much closer to being like a successful marriage: a subtly shifting, vibrant, mutually responsive and dynamic sort of chemistry.

The buying behaviour of rural consumers has changed greatly. The villager is now more aware of different brands within a product category, and is asserting his buying behaviour

LEFT
Lux rides elephant back, in a product promotion in North India

DALDA

The king of the forest

On November 27 1931, a little over 60 years ago, the Hindustan Vanaspati Manufacturing Company (HVM) was incorporated — paving the way for the Unilever to move into local manufacture in India, and starting a history that has led up to today.

Dalda Vanaspati was launched in India, five years after vanaspati manufacture was started in India by HVM, which later merged with Lever Brothers India Limited and United Trading Company to become Hindustan Lever Limited.

Dalda faced tremendous resistance for long after it was launched. Housewives regarded it with suspicion. Research revealed that many housewives actually used Dalda

The India consumer was used to cooking in pure ghee (clarified butter). Dalda Vanaspati gave her an option — suddenly cooking became cheaper and, miraculously, better tasting, for vanaspati had the best of ghee without any of its negatives.

Over the years, Dalda has become a generic word for its category, and vanaspati has come into the common vocabulary — even though no one is sure how a word meaning 'king of the forest' is linked to a coinage with no traceable meaning, Dalda.

Dalda faced tremendous resistance for long after its launch. Housewives viewed it with suspicion. Research revealed that housewives used Dalda, but were ashamed to admit it, fearing that their social status would come down if anyone suspected they couldn't afford ghee.

The early advertising used reason to convince consumers of Dalda's nutritional value through a series of ads titled Maya and the question of Fats. But somehow it did not appear to carry conviction with housewives. Abandoning the rational approach, Dalda was positioned as a vanaspati used by mothers who care, the ultimate

test of good mothering.

And with that, vanaspati began to fly.

The market and the consumption of vanaspati has grown rapidly over the decades, from 53,000 tonnes in 1940 to 9.2 lakh tonnes in 1991, with troubled times in the mid-60s when tonnages declined due to the government's statutory price control policy. During this period of squeeze, which lasted till the mid-80s, there was no great activity on the brand Low product differentiation and the emergence of me-too packs was another impediment.

To top it all, in 1982 the image of Dalda took a beating, thanks to the tallow controversy. A government test on a particular brand of vanaspati had detected animal fat. Dalda, which by then was treated as the generic vanaspati, bore the brunt of the resulting public animosity — even though it contained no animal fat at all.

The company responded with press ads clarifying its position. In 1986, to reclaim lost usership and market share, Dalda was restaged. and a1 kg pouch and 5 kg polyjar were launched. The result? The highest Dalda sales in 20 years and a market share of 50%.

In 1987, Dalda celebrated 50 years. The brand gained some mileage out of its jubilee advertising, and continued to lead the market.

SUNLIGHT

The soap that renamed a company

'Pure and genuine, honest to the backbone," were the words that William Hesketh Lever used to describe his amazing soap, Sunlight, way back in 1885. At any rate, Sunlight was outstanding enough to permanently alter the way that housewives did their laundry. Gone forever were the days of harsh, nameless, skinflint soaps that kept the wife scrubbing and washing for hours. Sunlight was the dawn of something new.

Lever intended to pre-slice his soap into tablets, give it a name and attractive packaging — each of them a marketing strategy without precedent. "Every batch of soap shall be thoroughly tested before it leaves our works, and we are prepared to stake our reputation on every single tablet we send out," he declared. So confident was Lever that Sunlight was without equal, that he staked an unconditional £1,000 guarantee on each tablet.

Sunlight's uses were purportedly legend. In combination with a teaspoonful of brandy and a pint of gin, went one instruction, it was peerless in washing even silks and delicate clothes

Sunlight's uses were purportedly legend. In combination with a teaspoonful of brandy and a pint of gin, went one instruction, it was peerless in washing even silks and delicate clothes. Housewives all over Britain were being told in advertisements that they could once again contemplate leisurely evening walks with their husbands — just like in the "courting days" — now that they could finish all their washing well in time.

In 1888, four years after Sunlight swept England, the first crates of the wonder soap reached India. In a matter of months, "the tablet that foams" had entered Indian homes and housewives' hearts, setting a brand new standard of washing efficiency.

One travelers' tale from those early days tells of a representative who used Sunlight for a quick automotive fix when he found that his carburetor was leaking. Stranded far from civilisation, all he had was his carry-bag of Sunlight samples. Quick as a flash, he cut a slice, softened it, slapped it against the leak, and drove away. Each time the makeshift plug fell off, he'd deploy more

The company that was once known as the "Sunlight company" today manufactures a range of detergent products. Among them, non-soapy detergent cakes and powders have emerged big sellers

Sunlight. This way, he finally covered 60 kilometres and reached civilisation again.

The company that was once known as the "Sunlight company" today manufactures a range of detergent products. Among them, non-soapy detergent cakes and powders have emerged big sellers, but the laundry soap market in the country is still vast, at 900,000 tonnes. Even a small percentage of this market represents an opportunity in terms of significant volumes and turnover.

LIFEBUOY

The largest selling soap in the world

Which is the healthiest soap in India? Ask the question and chances are that you'll hear only one answer — Hindustan Lever's Lifebuoy. So single-mindedly and with such credibility has this flagship brand sustained its imagery of health, hygiene, the sporting spirit and robustness, that it today occupies a position hard to dislodge in people's minds. No other soap comes close to the red one in its category. The Lifebuoy bath is a bath in a million.

Ask any miner in the Champion mine, Kolar Gold Fields, Karnataka. There, 13,000 feet under the earth. a group of miners are sweating it out — the ambient temperature approaches 45°C and the relative humidity 28%. A miner approaches the Lifebuoy salesman and says, "I have to wash away dirt and germs, and that's where Lifebuoy comes in." That mine, like all the others in the area, has Lifebuoy in all its washrooms.

In Calcutta, a little girl walks into a shop and asks for a cake of lal sabun. The shopkeeper casually offers various soaps, but she turns them down. Finally, a Lifebuoy salesman offers her his soap, and she says, 'That's it!'

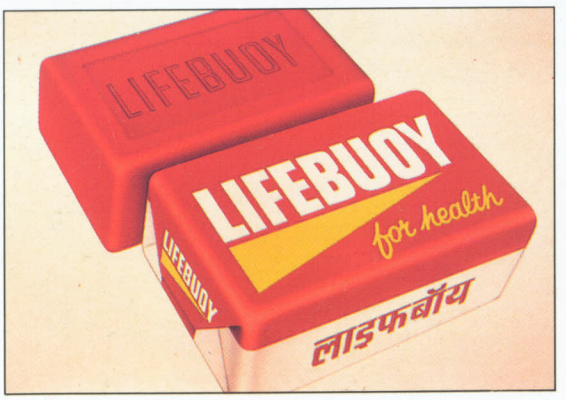
In Calcutta, a 5-year-old girl walks into a shop and asks for a cake of lal sabun. The shopkeeper casually offers various soaps, but she turns them down. Finally, a Lifebuoy salesman offers her his soap, and she says, "That's it!"

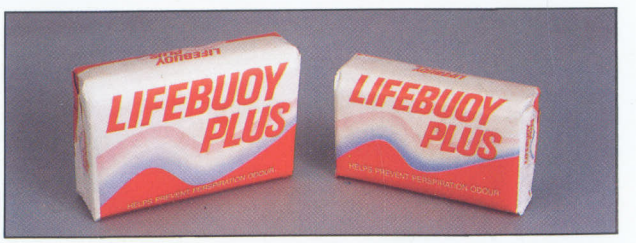
What makes a crude-looking, pinkish-red, robust-smelling cake of soap such a hit with so many millions of Indians and others worldwide? What makes Lifebuoy the largest-selling soap in the whole world?

It started almost 96 years ago, in England. Lever Brothers were manufacturing Sunlight soap by the tonnes. The residue from the manufacturing process used to be sold off as cheap brown soap. But then one day, someone added a little bit of a colour, a little cresylic acid for that distinctive carbolic fragrance — and a brand new soap was born. Lifebuoy.

First launched in the UK in 1894, the original red carbolic bar was not all that different from the Lifebuoy Domestic of today. Since then, many countries worldwide have, or have had, a version of Lifebuoy. In many markets it is still a traditional carbolic type bar positioned on a general family health and hygiene platform. In some markets, however, it has evolved into a sophisticated brand, equipped to change in changing markets and compete with other brands.

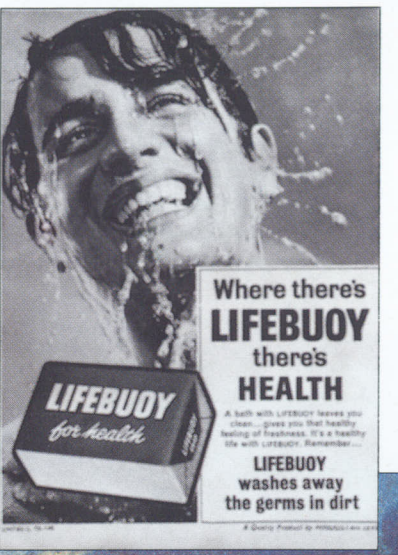
The soap was introduced in India in 1895, a year after its birth. The first consignments came to the 4 major Indian ports of the time, Bombay, Calcutta, Karachi and Madras. It would be another 40 years before Lifebuoy came to manufactured indigenously. By 1992, its sales were touching 125,000





tonnes, a number not matched by any other soap in the country or the world. And in 1994, the champion of soaps celebrates a century of existence.

Lifebuoy first went through what could be termed the bactericidal era, when it was marketed as a disinfectant soap struggling "against the tidal wave of disease" and literally the "lifesaver". It was during this time that the strong brand image was established.



Changing consumer demand gradually enabled the brand to develop in many markets into its second phase where family hygiene and health began to be emphasised. The harsh carbolic smell was toned down some that with a fragrance. The health message, meanwhile, was reinforced with the use of a nurse's picture on the wrapper and in the advertising.

The next phase of Lifebuoy's development saw a move towards more rounded bars and gentler pinks. The brand message sought to give confidence: "Regular bathing with clean, healthy-smelling Lifebuoy Active, gives them the reassurance of washing away germs which could be harmful to their families' health" , went a South African advertising positioning statement.

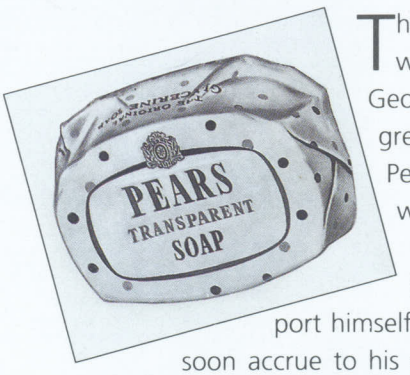
The final phase will be to break completely with the medicated story and fragrance and concentrate on "fresh, clean, family" as typified by the UK White bar. The UK has retained a "Traditional Red" variant.

In many countries, particularly in Africa, the Caribbean and here in India, Lifebuoy has remained more or less unchanged — it still contains cresylic acid and still using the traditional red "brick" shape.

Some countries, such as Kenya and El Salvador, have moved to a more perfumed product. Fully perfumed Lifebuoy has proved itself in many countries, such as Indonesia, South Africa, and the UK.

PEARS

Two hundred years of gentleness



The men were as richly wigged and gowned as the women in Cornwall during the mid-18th century, when the kings George II and George III reigned. It was a time of great extravagance in dress, and great preoccupation with appearance. It was at this time that Andrew Pears, from a farmer's family of Megavissey, left his native village and went to London to seek his fortune as a hairdresser.

Andrew established himself in fashionable Gerrard Street, Soho. He was not ambitious, content to earn just enough money to support himself. If only he could have foreseen the international fame that would soon accrue to his soap, he might very well have been considerably alarmed. At his shop Andrew manufactured rouges, creams, powders, dentifrices and other beauty aids. Finding that too often his products were used to repair the harm caused by the hard soaps of the time, he began to seek a soap that would deal more gently with delicate complexions. Andrew evolved a method of refining the basic soap, removing its harshness and impurities, and finally he was ready to sell his clients a soap which was infinitely superior to any which was then on the market. Not only was it of high quality but it had the novelty of being transparent, and perfumed with the flowers of an English garden.

Thus, in 1789, Pears Transparent Soap was born. Never had Victorian Britain seen a soap so delicate, so sweetly perfumed, so transparent. And there the story of Pears really began.

Yet since then very little has changed. The formula is as natural as on the day it was first created, with each bar taking at least 10 weeks to create. Pears is manufactured by saponifying vegetable oil with alkali. However, unlike in conventional soaps, the glycerine is retained within the soap. This is the cause of its unique transparency.

After manufacturing, the soap is mellowed under controlled conditions for a further 10 weeks. At the end of this, each Pears tablet is individually polished by hand, then packed in cartons. Pears contains no harsh ingredients and is ideal for dry skin, and gentle enough for a baby's skin.

Today, as then, the quality of Pears Transparent Soap is all important — something Andrew Pears never forgot to tell his loyal customers. He even personally signed each wrapper when he thought there was danger from poor quality imitations.

First advertised in the early 1800s, Pears caused great excitement when shown at the 'Great Exhibition' in London's Hyde Park in 1851. Not only did it win a coveted medal, it was also presented to, and graciously accepted by, Queen Victoria as she walked around the exhibition. Pears Transparent Soap was later honoured with appointments to many other monarchs and was described : 'Small wonder that it is the Soap of Kings. For it is surely the King of Soaps'.

The actress Lillie Langtry was one of the first to put her signature next to Pears Transparent Soap: "Since using Pears Soap I have discarded all others," wrote the famous actress, followed closely with words from equally famous beauties of the time.

With testimonies from some of the most beautiful women in the country, no one could argue that Pears was not the best soap for the complexion.

Thomas Barratt — son-in-law of Francis Pears, who in turn was the founder's grandson — took that idea one step further, with endorsements from eminent skin doctors and specialists of the time in this country and in the USA. A hand-written testimony from spiritual leader Henry Ward Beecher confidently equated cleanliness (using Pears Soap) with godliness.

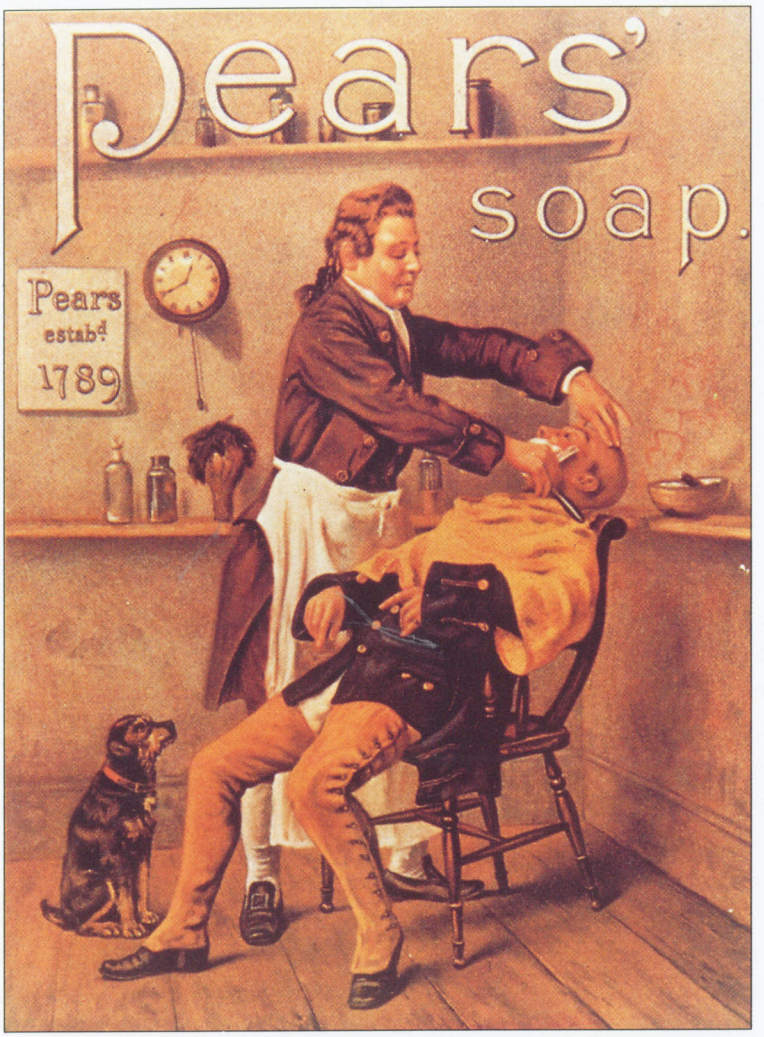
A favorite ploy of Thomas Barratt was to amuse the country with outrageous publicity stunts. The most famous of them was probably the one about the French centimes, at the time legal tender in this country. Barratt imported some 250,000 French centimes, which he stamped with the name Pears. They went into circulation and it took a full year before a Bill of Parliament made the centimes illegal currency.

Another favorite theme for Pears in the late 1800s was babies and children. One of Thomas Barratt's first eye-catching ads used the famous 'Baby In The Bath', in which a child is stretching out of his tin bath to reach for Pears soap. "He won't be happy till he gets it," said the headline.

However, the most famous Pears face is undoubtedly 'Bubbles', from an original painting by Sir John Everett Millais in 1886. First titled *A Child's World*, the painting was purchased by Pears for $2,200 and then changed very slightly to advertise Transparent Soap — a bar of the same soap was added to a corner of the visual. The picture became instantly synonymous with Pears and is still the subject of many posters and cards.

The story of Pears did not stop with 'Bubbles', however. Mr. Barratt wanted Pears to help the population increase their knowledge of everyday matters, no matter how rich or poor. In 1887, the Pears Shilling Cyclopedia was born. Within weeks, the entire 600,000 copies were sold out. Today this book is still updated and published annually.

Once, Thomas Barratt boldly suggested that posters were a 'poor man's art' and that was the beginning of the first Pears Annual. Large and colourful, this unusual book included a number of beautiful colour plates of leading paintings of the time to be kept and framed. so popular was the



Just as war loomed, a shortage of Pears seemed imminent — and new ideas bloomed. This was when the much loved 'Preparing To Be A Beautiful Lady' campaign was launched

Annual that it sold out within weeks of publication and continued to be published until the early 1920s.

Just as the demand for Pears was reaching a peak, war loomed. This meant a shortage of soap but not a shortage of ideas from Pears. This was when the much-loved 'Preparing To Be A Beautiful Lady' advertising campaign came to the fore — a series of short stories each starring a little girl who used Pears Soap.

In 1958 this series inspired the very first Miss Pears Competition a photographic event which still takes place today.

Reminding mums that Pears Transparent Soap is safe and gentle enough for young, delicate skin, the competition invites entry photographs from little girls aged between three and nine years of age — one of whom will become a special princess for a day and win the Miss Pears title. Each winner also has the honour of having her portrait painted by a leading artist of the time, thus continuing the heritage of Pears Transparent Soap and its story for years to come.

SURF

Arre bhaisaheb!

She taps her head saucily and speaks to an invisible shopkeeper. "It takes brains to buy Surf, mister!" she says. That eloquent gesture and that tart little phrase — "Arre bhaisaheb!" — have come down into the everyday lives of housewives who today use Surf, Hindustan Lever's detergent that 'washes whitest'. And no doubt about it in anyone's minds — when the problem is the laundry, then the white of Surf is the whitest you can get.

Today, the company's pioneer synthetic detergent powder and the housewife's favorite across the country, is more than 25 years old. The family is larger — there is a 'power-packed' variant, a washing machine variant, and several others, including the newly launched concentrate with enzymes, Surf Ultra..

The brand's odyssey began in 1959. Surf Detergent powder was a modern alternative to the less efficient conventional laundry soaps. It gave the whitest wash, and did so even in hard water, something impossible with ordinary washing soaps. A far-sighted strategy of communicating the product benefit to the consumer by advertising, wide sampling through country-wide consumer promotions and washing demonstrations even in small places, all have helped the brand grow.

Over the last few years, the battle for market share has been fierce, but cheaper formulation powders expanded the market. Some of these cannot strictly be called detergents — many added large quantities of washing soda, which 'burnt' skin off the consumer's hands. They were also not 'blown' powders like Surf is, had little perfume and poor packaging.

But the cheaper brands had an advantage: the small scale of production meant freedom from excise duties. Keeping costs low with poor formulation and poorer packaging, and yet employing smart advertising, these brands began to trick their way into a large market. The company could not sit still. It decided to retaliate. With better and more focussed communication.

The result was the now-famous Lalitaji ad for Surf. In no time at all, the communication caught on and sales began rising. In fact, the expanding detergents market and Surf's growth was the reason for the launch of Power-Packed Surf. For its launch, of Power Packed Surf, the format of the HLL's popular sponsored TV programme, Mashoor Mahal, was used. At the end of the quiz, which used scientific panelists to answer detailed question about where and how Surf's new power was packed, guess who was around to assert that now it all made even more sense to her?

Lalitaji, of course. "*Ab Surf ki kharidari mein aur bhi samajhdhari hai,*" she pronounced.

And no one doubted that claim.

LUX

Ask any film star, they'll say Lux

It's the largest-selling toilet soap in the world. Ask any film star. Lux, a brand of amazing longevity and ubiquity, today sells in over 70 countries. Yet this international bestseller was born as a detergent powder in 1902. It was only in the 1920s that Lux was introduced as a toilet soap.

The campaign, based on the endorsement of Hollywood movie stars, was the creation of Helen Lansdowne Resor, wife of Stanley Resor, the founder of J. Walter Thompson. The international success of the film-star based campaign has paralleled the international success of Hollywood. It has substantiated the claim that "96% of movie stars use Lux" — a slogan later changed to "the beauty soap of 9 out of 10 movie stars," and used for nearly 40 years.

In India, Lux was introduced in 1929 and foreign film stars like Ginger Rogers and Loretta Young continued to endorse Lux in the country. In 1941, Leela Chitnis created history by being the first Indian actress to endorse Lux. In 1961, it was introduced in the four pastel colours pink, green, yellow and blue.

In the 1950s, some of the silver screen's classic beauties like Madhubala, Kamini Kaushal, Nargis, Meena Kumari and Jayalalitha co-starred with Lux. Leading actresses like Mala Sinha, Sadhana, Vyjanthimala and Waheeda Rehman ushered in the colour era for films in the 1960s with the rainbow range of Lux. Glamorous stars like Zeenat Aman, Sharmila Tagore and Raakhee presented Lux in the 1970s.

The tradition of associating leading actresses with the brand continued into the 1980s. Hema Malini and Rekha played an important role in the Lux relaunch, presenting new, exciting perfumes and the goblet wrapper. The 1990s boast an even more impressive line-up of stars — Sridevi, Madhuri Dixit, Pooja Bhatt, Juhi Chawla, Divya Bharati and Meenakshi Sheshadri.

During its 60 years in India, Lux has been regularly upgraded to match the changing profile and aspirations of its consumers. In these six decades, rapid urbanisation, increasing purchasing power, rising literacy level and the growing number of working women have altered the demographic profile of soap users. The result: consumers are more willing to experiment, are concerned about skin care, are value-conscious

and more liberal. The Lux group has grown by about 27,000 tonnes in the last three years, an amount that exceeds the total addition of the preceding 25 years. Over the last decade alone, sales have increased by over 250%. Sales turnover has more than doubled in the last three years.

In 1989, International Lux was offered at the top end of the soaps market and relaunched with three variants, for oily skin, dry skin and normal skin. In 1990, Lux went through a sea change in wrapper design and perfume and was relaunched as All-New Lux.

Meanwhile, a sponsored radio programme, Lux *Sitaron Ki Sargam*, in which film stars play their favorite tunes is gaining immense popularity. The first show received over 18,000 letters from listeners, and the second one over 25,000.

Throughout, while the brand has been regularly restaged, Lux has remained synonymous with complexion care, glamour and film stars. It has always been a pure and mild beauty soap. This was the position in the 1920s and this is the position today. Today there is perhaps no brand that has a magnetic an appeal and allure as Lux.

It is perhaps this appeal which makes it the star brand of the 1990s.

A sponsored radio programme, Lux Sitaron Ki Sargam, in which film stars play their favorite tunes, is gaining immense popularity. The first show received over 18,000 letters from listeners, and the second one over 25,000

5
The technology push

Stephen Henry Turner got his degree in chemistry through attending evening classes even while working in the company.

Preferring his own company to that of others', he went out of his way to be alone and aloof, but then, not really enjoying the loneliness, he would punish himself at work. When he so wished, he would soften, becoming excellent company — but those who dealt with him in such times recall only how rare the occurrence was.

Turner, who served as chairman from the end of 1957 to 1961, is remembered most of all for a remarkable insight that permanently altered the company's personality and prospects. One can glimpse the forces and government regulations that were nudging the company towards a dynamic new thrust in a statement by Unilever Director G. D. A. Klijnstra in 1954:

It is difficult for us to find ways and means of working substantially cheaper or to produce such a superior product that we can command a substantial premium over competition, especially as nowadays groundnut, sesame and cottonseed are the only oils allowed in the manufacture of domestic market products.

Even during Turner's Chairmanship, groundnut oil and coconut oil for soapmaking were in short supply. Meanwhile, the company's soap production was spiralling up from 21,625 tonnes in 1947 and would reach 103,177 tonnes by 1965. This meant an accelerating requirement of soapery oils. From 1962, imports became harder, and the company had to export refined oils at a loss to obtain import licences.

Vanaspati came under statutory price control from 1966, and soaps were subjected to informal price control from 1968. Unlike vanaspati, in which no brand was excluded from price control, only 12 soap brands, made by different companies, were affected by the new regulation. Of the Hindustan Lever brands, this included Sunlight, Lifebuoy, Lux and Rexona.

Keeping price down by improving technology was not an option, as the government

Those who knew Stephen Turner during his tenure in India describe him as unostentatious, perfectly in accord with his humble origins and education. No one seems to have missed his essential kindness, but they agreed equally that he hid it well, under several layers of gruffness and intractability

FACING PAGE
Villagers gathering forest floor seeds

LEFT
Stephen Turner

had banned technical improvements. For the vanaspati business, plagued by artificially inflated local vegetable oil prices, this made competitiveness almost impossible. More advanced brands could not be introduced, new technology could not be evolved. In a nutshell, science and human innovativeness could not be harnessed to yield a way out of the dilemma. Indeed, the bigger problem was that Hindustan Lever did not have a research and development establishment anyway.

It was Steve Turner who first saw a way around this impasse. In his speech at the company's Annual General Meeting in Bombay on 6 April, 1959, he succinctly spelt out the problem and pointed in the direction of the solution:

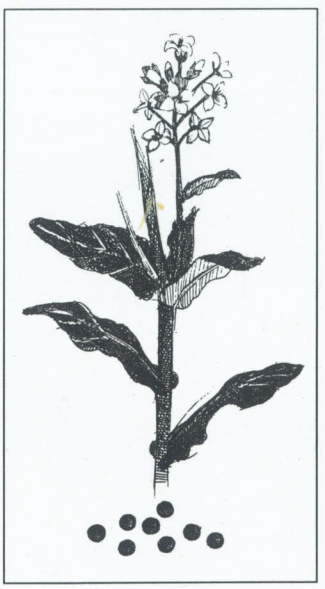
"Taking food and industrial uses together, we will in twenty years' time need 45 lakh more tonnes of fat. . . [It] will have to come from oilseeds, consumed either as oil or vanaspati. . . Even if we assume that the great bulk of this demand will be met by groundnuts because groundnuts give much the highest yield of oil per acre — at least 150 lakh tonnes more oilseeds would be required. At present yields, this would mean another 53 million acres under oilseeds. This is 14% of India's present cultivated land. Diversion from other crops on such a scale is not possible. . .We must begin to plan for it now; which means giving oilseeds a priority in money and men and research and extension work they have never had yet."

BELOW FROM LEFT
Illustrations of rapeseed, soya, rice, sunflower and groundnut plants

Turner made a research proposal to Sir Ernest Woodroofe, who was then Unilever's Research Director. It was approved. The search for a suitable individual to head the enterprise began. Dr. S. Varadarajan, an Indian scientist, was persuaded to put aside his teaching assignment at the Massachusetts Institute of Technology and return to India to head and shape Hindustan Lever's research establishment. And with it, a whole new mind began to evolve within the company.

Dr. K. K. G. Menon, who succeeded Dr. Varadarajan, lavishes the highest accolades on his predecessor, whom he describes as having "the unique ability to excel in everything he is engaged in".

"His powers of persuasion and single-minded doggedness of pursuit and devotion to objectives are proverbial. In addition, he is a great motivator of scientists, and displays great talent in converting business objectives into technological challenges to sci-




entists. He had a special knack of making people feel comfortable or uncomfortable. . . He had the perception and vision of what Indian scientists are capable of doing. . ."

The first research establishment that Dr.Varadarajan set up for Hindustan Lever consisted of three rooms on the top floor of the Engineering building at Bombay Factory, and a makeshift laboratory on the first floor of the soapery warehouse. "The lab was not much to speak of and had very little equipment," remembers Dr. K. K. G. Menon in his article *Leaves From The Past*.

The starting team was small: there was K. Rabindran, an organic chemist; B. R. Mazumder, a physical chemist; N. A. Nimbalker, a perfumer, and D. V. S. K. Rao, a chemical engineer who had already acquired many years of experience at Port Sunlight. Rao, Menon and A. S. Ganguly would work in that not very ambitious lab on their daunting technical tasks. Later, N. V. Bringi, G. V. Nair, and R.L. Bhasin joined Rabindran's group; G.P. Mathur joined Menon's group; G. Srinivasan joined the Physical Chemistry group; and S. S. Kalbag the Chemical Engineering group.

In accounts of the early days of Hindustan Lever research one can sense the excitement that pervades any group that is blazing a trail, reaching for the stars with their feet firmly on the ground, burdened with urgent technological missions but not yet overwhelmed by them. Rabindran, working on ghee flavours, was discovering that preferences varied from region to region, and had identified three. A smoky note was popular in the Punjab; in Maharashtra and Gujarat, a butyric acid flavour worked well; and South Indians sought a touch of caramelisation.

Mazumdar and Srinivasan were studying toothpastes, shampoos and creams, and also doing some exploratory work on non-soapy detergents. Meanwhile, Nimbalkar's group was concentrating on perfumery chemicals, wondering what new aromatic cocktails they could create. Another group, headed by D. V. S. K. Rao, was busy in the processing, formulation and production of cheese, convenience foods and dairy products.

But the path-breaking work that finally gave Hindustan Lever an edge and enabled it to hold on to its pre-eminence in the soaps business was initiated by Bringi, who was studying the chemistry and triglyceride structure of soapery oils. Castor. Kusum. Karanja. Sal. Neem. Linseed. The chemistries of these oilseeds were obscure; their compositions were complex, their appearances and their odours unprepossessing.

Dr. S. Varadarajan, an Indian scientist, was persuaded to put aside his teaching job at the Massachusetts Institute of Technology and return to India to head and shape Hindustan Lever's Research Centre

ABOVE
Queen Beatrix of Netherlands (in white hat) visited Research Centre. Also in the picture are Dr. K. K. G. Menon *(extreme left) and* Dr. A. S. Ganguly *(second from right)*

Before they could be used in manufacturing those fragrant, cleansing soap tablets, individual technologies had to be evolved to address an array of detailed chemical problems particular to each non-edible oil, to render it safe and suitable for use in soap-making. Kusum, for instance, released toxic cyanide and ammonia when it came into contact with an alkali. Extracting usable oil from karanja meant creating a process for removing isolonchocarpin and other furanoflavonoids through sulphonation and aqueous treatment. The triglycerides in linseed oil, when hydrogenated, yielded a C9 unsaturated aldehyde which, on storage, broke down into several compounds that smelt uncomfortably like rancid fish oil.

Similarly, treeseed oils such as sal and neem were unusable for soapmaking because of their colour and as well as their odour. Work done under S. M. Datta in Development yielded an elegant process for bleaching them using chlorate.

The company's research efforts at substituting edible oils with non-edible ones in soapmaking have resulted today in 128,320 tonnes of unconventional triglycerides being used — a substitution of over Rs.76 crores worth of hard currency imports. The new trail blazed by the company has led to more than 3,30,000 tonnes of these oils being used by the soapmaking industry as a whole today.

The company's research efforts at substituting edible oils with non-edible ones in soapmaking has resulted in import substitution of over Rs.76 crores

ABOVE
Technology developed at Research Centre for natural grade, short chain organic acids with a 10m³fermenter

RIGHT
Mr. George Fernandes, Union Minister for Industries in 1977, lights a lamp to inaugurate Hindustan Lever Research Foundation

The road to scientific discovery is always peppered with happy coincidences. A micro-event in a test tube can start a question whose answer could mean a revolution in the market. And exactly one such did happen while Hindustan Lever's scientists were studying the chemistry of sal fat. Neutralised, bleached and fractionated sal fat was found to possess cooling curve characteristics

similar to cocoa butter. However, sal fat's potential as an exportable cocoa butter substitute was greatly diminished by trace compounds that seemed to cause a certain deterioration. Research bent itself to the task of isolating and characterising these compounds. A silica-alumina adsorbant was developed to selectively remove them.

Research at Hindustan Lever was asserting itself as not only productive but also indispensable, and it was a matter of time before dedicated premises became imperative. On December 7, 1967, Morarji Desai, who was then Deputy Prime Minister, inaugurated the green and spacious Hindustan Lever Research Centre at Andheri.

Dr. K. K. G. Menon and Dr. A. S. Ganguly were charged with formulating a baby food similar to the Glaxo Baby Food, and tailored to meet the demands of the Indian public. It was known that Indian infants took about six months to double their weight, that is, two months more than infants in the West. Indian mothers' milk, even from undernourished mothers, proved equivalent to western mothers' milk, in carbohydrates, proteins and fats, but was deficient in accessory factors such as vitamin B12, folic acid and iron. By adding these, readjusting the vitamin D content, including potassium iodate to correct iodine deficiency, the two scientists developed Lever Baby Food.

In clinical tests at three hospitals, infants were seen to double their weight within four months. Within two years of its launch, Lever Baby Food became the industry benchmark, and both Glaxo and Amul hastily changed their formulations.

Dr. Menon took over when Dr. Varadarajan left the company in 1974. Under him, research acquired a new focus towards agriculture. New materials were incorporated in animal feeds, and the company moved into aquaculture and hybrid seeds. Within three years, there emerged from Research Centre's laboratories a chemical with the power to dramatically green the Indian countryside. The story of Mixtalol, as it was christened by Dr. M. J. Mulky, combines observation, insight, brilliance and opportunity.

The facts were so commonplace that any grandmother might have dismissed them as lore. Rose plants bloom better when spent tea leaves are applied to them. Grass grows better on pastures where cattle have grazed. When two wheat crops are interspersed by an alfalfa crop, the second wheat yield improves.

What did alfalfa, animal saliva and tea leaves have in common that improved plant productivity? Probably, suspected Hindustan Lever's scientists, higher chain alcohols. In October 1977, Menon had seen a report in C&E News: a certain Professor Ries had observed that triacontanol isolated from alfalfa increased the biomass of paddy and toma-

ABOVE
Morarji Desai, then Deputy Prime Minister, at the inauguration of the Research Complex at Andheri on December 7, 1967

Research at Hindustan Lever was asserting itself as not only productive but also indispensable, and it was a matter of time before dedicated premises became imperative

to when it was sprayed on their leaves.

Subba Rao and H. Raman prepared a small quantity of a mixture of higher chain alcohols. Mulky christened it Mixtalol, and it was tested on potted plants in Bombay and in fields at Etah, where the company had a dairy. By 1978, the first results were coming in: microscopic quantities of Mixtalol were resulting in increased carotene and chlorophyll content, leaf area, iron and water intake, and dramatically improved efficiency in photolysis and photosynthesis. Further tests were done in 1979, on cereals, vegetables and oilseeds, in Uttar Pradesh, Andhra Pradesh, Punjab, Haryana, Rajasthan and Tamil Nadu. Everywhere, the findings were the same — yields increased by about 20% in determinate crops and over 50% in indeterminate crops like tomato and brinjal.

Within two years of its launch, Lever Baby Food became the industry benchmark, and both Glaxo and Amul hastened to change their own formulations

RIGHT
Test in progress at the Research Centre to find the results of the effects of the plant growth promoter

BELOW
The ELISA test

Once a product's formulation, reliability and promise is clearly established by a scientist, there starts the long haul towards translating innovation into manufacturing reality. Mixtalol needed toxicological clearances (from the Toxicology Department); evaluations of bio-degradability and ecological benevolence (Microbiology Department); a production process that was viable (Raw Materials and Pilot Plant) and a definable formulation (Physical Chemistry).

All the clearances came. By 1980, the product had been cleared toxicologically by the Indian Council of Medical Research. In 1983, the Indian Council for Agricultural Research, after satisfying itself through detailed field trials that the product worked, recommended to the government that a licence should be issued. Mixtalol has been patented in 30 countries today, after field trials on more than 60,000 acres on different crops in the USA, Indonesia, Malaysia, the Philippines and Bangladesh. The packaged product is available under the name of Paras to the Indian farmer.

The umbilicus between Hindustan Lever and Unilever's mammoth research establishments in Europe and the USA, contribute enormously to the company's technological clout. Not only does the link ensure access to Unilever's powerful global information network, but training of Indian scientists at Unilever's laboratories and ongoing exchange of scientific personnel, all play a part in ensuring that the outcome of the scientific process is durable, has excellence and can make a difference to many lives.

Sometimes science may be completely transparent in a product, as with toilet soap. Yet soapmaking today has advanced considerably from the elementary potboiling techniques that led to the first cake of Sunlight soap. There is a detailed chemistry, there are specific raw materials, there are perfumes, and they are all subject to the same kind of review. Much recent work at Research Centre has delved into the structure of soaps, in the hope of improving either performance or cost. The investigation is forcing scientists to question axioms such as the amount of Total Fatty Matter (TFM) in a

ABOVE
Groundnut yields rise markedly when treated with rhizobia, a bio-fertiliser, as compared with untreated crop in the farmer's right hand

BELOW
Farmer with paras treated crops
INSET: *Half litre pack of Paras*

toilet bar — why is it assumed that it must be 76%? Because it is necessary or optimal for personal washing? Or because that has always been the percentage used?

Such meticulous and ruthless questioning is leading not only to a fine understanding of the molecular chemistry of soaps, but also resulting in profitable innovations. Soaps with TFM as low as 50% have now been produced that compare favourably with their predecessors. Novel, highly transparent bars with less maturing time have been made and successfully tested. Then there are pearlescent, plodded bars that do not need maturation and may be continuously produced. More sophisticated perfumes are being composed in response to international competition.

In tests done in 1979 on cereals, vegetables and oilseeds in six states, yields increased by about 20% in determinate crops and over 50% in indeterminate crops like tomato and brinjal

ABOVE
The Gas Chromatograph Mass Spectrometer unit at Research Centre

FACING PAGE
A scientist at work at Research Centre

Soap-users love the lather, which they wrongly link with cleaning power. Hindustan Lever scientists studying the micro-structure of soaps know that half the fatty matter in conventional soaps consists of palmitates and stearates that contribute to neither lather nor detergency. Considerable research experimentation has gone into the development of a non-fatty super structure which enhances soap's ability to dissolve and lather.

Research also began seeking substitutes for petroleum-based alkylates that were used as detergent actives. The result was a fatty acid ester sulphonate, a natural detergent active that compares excellently with the conventional ones.

Each of the tugs and pushes that have fashioned and re-fashioned Hindustan Lever's temperament and activities in India have left an imprint on the nature and direction of the company's research activities. Today, the sprawling centre at Andheri has over 100 highly qualified scientists. The work that goes on within the whisper-free walls of India's largest private sector research establishment is making inroads into areas as diverse as the production of speciality chemicals through fermentation, improving plant


FRACTION COLLECTOR FRAC-100
End

LEFT
The Research Centre at Andheri

BELOW
The tissue culture laboratory

productivity through biotechnology, skin care formulations, re-processing spent chemicals and utilising by-products, prawn hatching in vitro, and engineering research. There are over 30 different, inter-disciplinary research projects in progress, some of them in areas of fundamental research.

"I have found no exception to the rule that knowledge can only be acquired through hard work," writes Menon. "All good scientists I have heard of or known have believed in hard work. No substitute for it. . . Many past experts lack inner imperative. . . and when they move, it is like driving a car with their eyes fixed on the rear view mirror."

There has never been a rear-view mirror in scientific research at Hindustan Lever. The past has always been full of strictures, leaving the present with no other option but to forge a way ahead, using the best skills of the best minds equipped with the best technology. Twenty five years have proven that such an outlook can succeed dramatically in turning businesses around and up.

'I have found no exception to the rule that knowledge can only be acquired through hard work,' writes Menon. 'All good scientists I have heard of or known have believed in hard work. No substitute for it. . .'

6
The isation of India

"The halo may go, but the virtue will remain," said Andrew Knox.

The halo must have referred to the nimbus around the international presence of Lever Brothers, and the virtue was no doubt the intrinsic value of their activities in India. However, when Knox penned these words on 10 February 1931, they must have sounded like heresy. After all, it requires a special audacity to propose that the best way for a British company to further its trading interests in a country is by relinquishing a bit of its expatriate identity. Knox's note suggested that:

". . .The India of today is only a chrysalis for yet another India which will develop tomorrow. We must face the fact that an independent India, an 'Indianised' India is at hand and we must so adjust our policy as to bring it into line with the new conditions and the fundamental ideas and aspirations that underlie the awakening feeling of nationhood in India. . . The part of the goodwill that rested merely on prestige and not on intrinsic value will disappear."

In retrospect, we can see that these extraordinary words were decades ahead of their times. Even as late as 1944, we have A. D. Gourley's sanguine recommendation that the company need have no particular fear that India would break free of the apron strings in a hurry, though Independence was only three years away. "It is hard to picture a state of complete independence for India before 15-20 years," he wrote.

But the government (still under British control) had already published a white paper which foresaw a large role for the state in post-war industrial development. Some Indian businessmen were already clamouring that 'basic' industries should be 'Indian-owned' rather than run by foreign companies on their own account. However, despite all this Gourley anticipated no more than a few minor discriminating regulations "more irritating than harmful and transitory than permanent". He assumed that India would have no choice but to continue close commercial and monetary links with Britain.

Gourley must have felt extremely reassured by the scenario he saw. Before 1940, a British-owned company in India was virtually indistinguishable from the parent company in Britain. Even after the early 1920s, when Indian pressure groups and politicians

P. L. Tandon, recalls that when the Chairman of Lever Brothers India Limited, W. G. I. Shaw, encouraged him at a job interview by saying, 'I don't see why you should not sit in my chair one day'

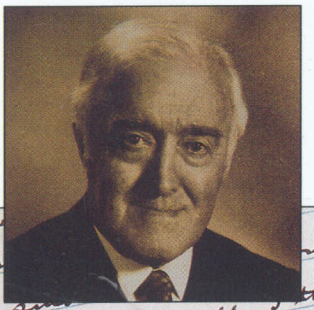
FACING PAGE
The first board meeting of Hindustan Lever after P. L. Tandon took over as the company's first Indian Chairman

The remarkable Geoffrey Heyworth, believed that without 'delegation to the ends of the limbs', Unilever's sprawl over the globe would soon come apart under its own weight

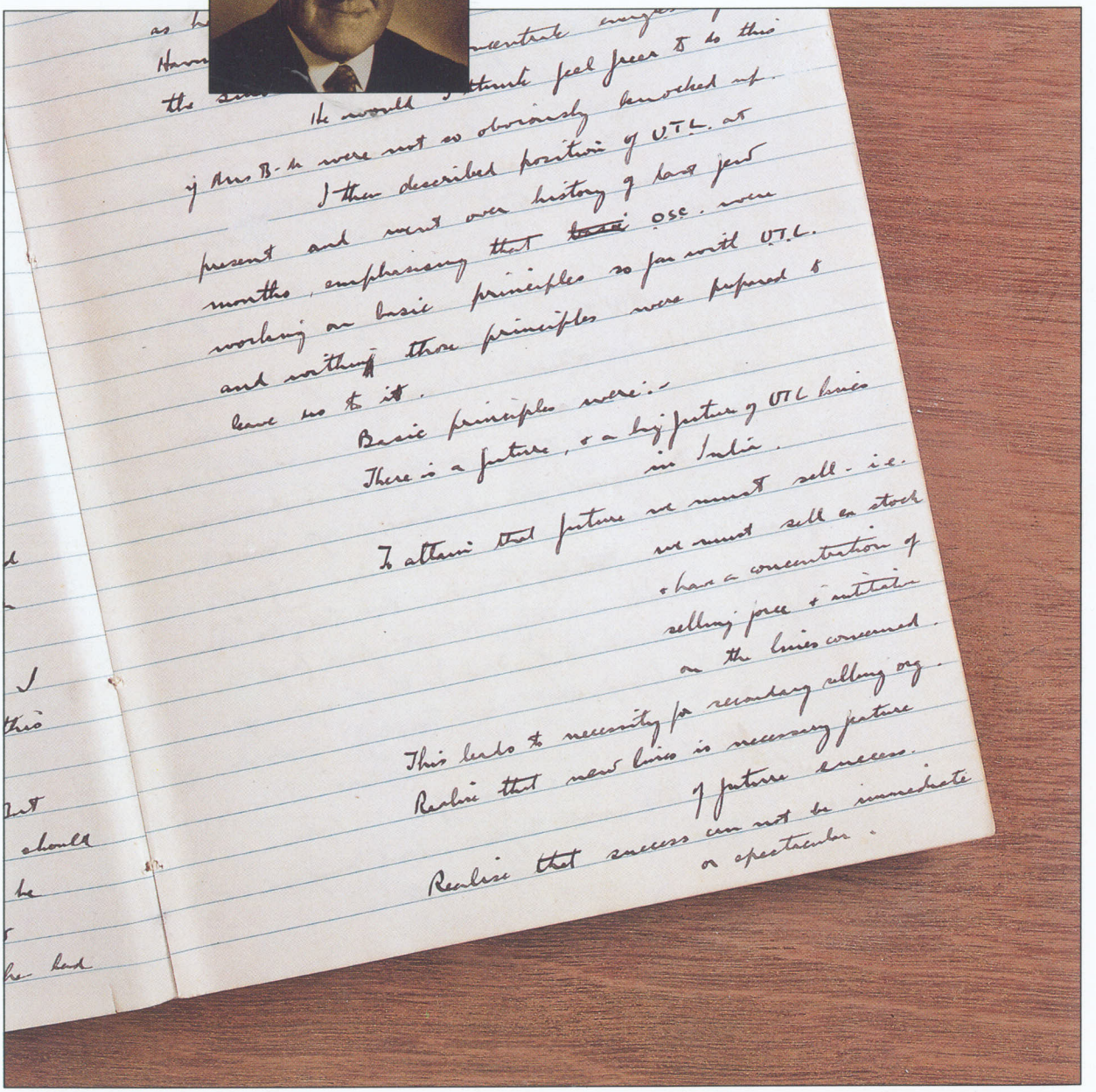
began to influence tariffs and economic policy, the government was largely controlled by British officials. Company taxation in the 1930s was comparatively light: a total of 21.85% nett of double tax relief for a foreign-based company plus 6.25% super tax.

World War II changed all that. In those seven tormented years from 1939 to 1945, riven with shortages, privations, economic strains and pressures, we can see the early development of the Unilever policy of Indianisation of management. Three direct consequences of the war influenced this thinking.

The military needed vanaspati and soaps, and inflation added to the demand — but production was hamstrung by a shortage of inputs. Manufacturing equipment could not be imported, and after 1941, production levelled off in most instances. It became increasingly necessary to resort to locally produced substitutes, often at a loss of quality as well as modification of



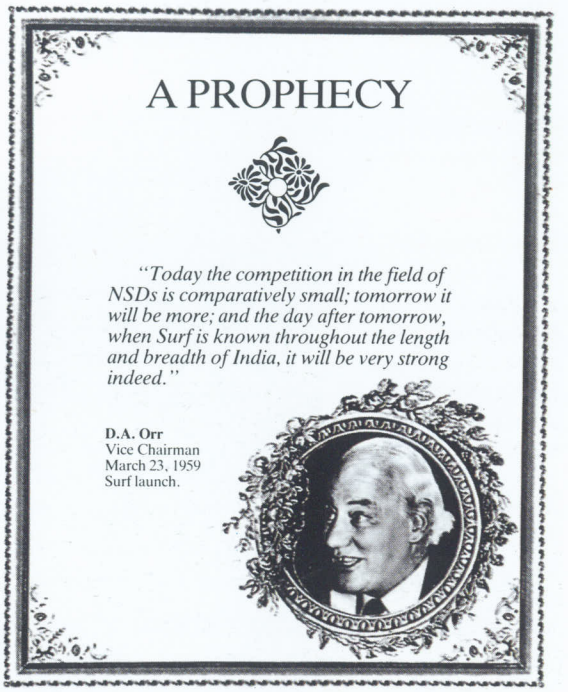
BELOW
*The India journals of Andrew Knox (**inset**) records his optimism about Lever's future in India*



the production process itself. More ominous, as well as predictable, was government regulation of production and prices. Foremost among products hit was vanaspati, because as an edible commodity it affected the cost of living index, and also because — it was argued — processing oil added little nutritional value to the oil.

From 1944, the government controlled selling prices. By the time the war ended, the Vegetable Oil Products Control Orders had been issued, to look not only at prices but also at quality and manufacturing specifications. Soon, production capacity itself was licensed. Without permission, one could not produce more.

By then, the Hindustan Vanaspati Manufacturing Company's share of the vanaspati market had dwindled from 64% in 1940 to 43% four years later. After the war, it only worsened, and by 1949, HVM had a mere 23.8% of a rapidly growing market. It was perfectly clear that the government's licensing system would remain a permanent barrier to any reversal of the trend.



ABOVE
Sir David Orr's prophecy

There was something inexorable about the logic shaping economic realities for foreign-owned companies in India. Firstly, they were seen as interlopers in the process of national development and self-reliance, even if no one denied that their technology and experience was of great value. From such a company's point of view, the less 'foreign' it appeared, the less it might be construed as a target for nationalists, to whom expatriate management and complete foreign control of equity were both unbearable. On the other hand, relinquishing the 'foreign' identity meant allowing Indians to participate in the highest levels of decision-making — would they be equal to the task? Could they, with their relative inexperience, guide the company ahead as its British owners might have?

"The older Lever men shook their heads [writes Tandon in *Beyond Punjab*] and doubted if it would ever be possible to train locals to take over responsibility completely. There were natural limitations which no amount of training could overcome, at least not in the foreseeable future."

It was the counter-intuitive solution that appealed to Unilever. By 1954, when the Indian government began to specifically press Unilever and other foreign-owned companies to dilute their equities, the company had already moved well ahead on its own initiative towards indigenisation of management. Within Unilever, a new term was needed to describe this radical, new policy, and it was coined. Indigenisation gave birth to a generic abbreviation, 'isation', to describe the gradual process of the company handing over the reins of management to a country's nationals, without jeopardising either that company's reputation, commercial health or personality.

A great deal of the push towards isation came from the remarkable Geoffrey Heyworth, under whose 13-year chairmanship the company grew towards multi-nationalism. Heyworth believed that without "delegation to the ends of the limbs", Unilever's sprawl over the globe would soon come apart under its own weight. Such delegation, according to him, would be best accomplished if the overseas units such as India could

carefully select, train and groom national managerial talent to replace the expatriates.

The first Indian to rise to chairmanship, Prakash L. Tandon, was recruited on a Monday morning in 1937. He recalls that when the Chairman of Lever Brothers India, W. G. J. Shaw, interviewed him, he encouraged him saying, "I don't see why you should not sit in my chair one day."

'The management considers it desirable that Indians who prove themselves qualified to do so should enjoy privileges equal to the Europeans they substitute, and in addition they should qualify for the same salary level'

But the reasons for hiring Tandon were actually much more mundane. John Rist, the man Tandon had been asked to meet, was under instructions to recruit an Indian immediately, not because of any far-sighted policy but because the company had decided to start the discipline of market research for their well-known household soaps, Sunlight, Lifebuoy and Lux. Within four weeks, a man called Thompson Walker would be arriving from London to head the research effort, and he had specifically requisitioned an Indian whom he could train in the skills of market research and leave behind to carry on the work. "It was the beginning of a new process that led only one way," records Tandon in his book.

By 1942, Unilever had taken a decision:

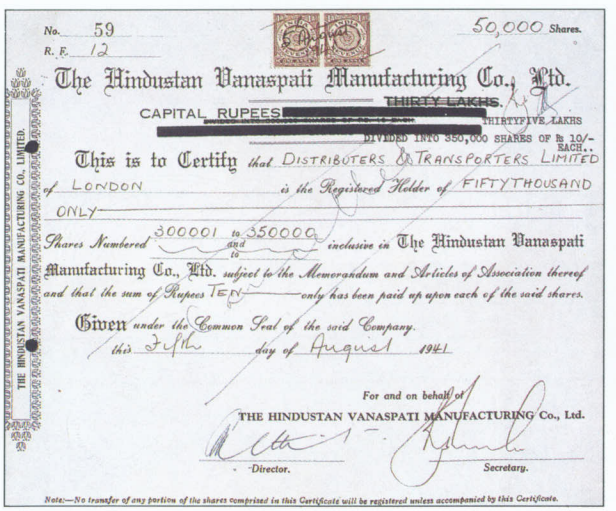
"Since it is the intention to train Indians to take over junior and senior management positions instead of Europeans, the management considers it desirable that Indians who prove themselves qualified to do so should enjoy privileges equal to the Europeans they substitute, and in addition they should qualify for the same salary level."

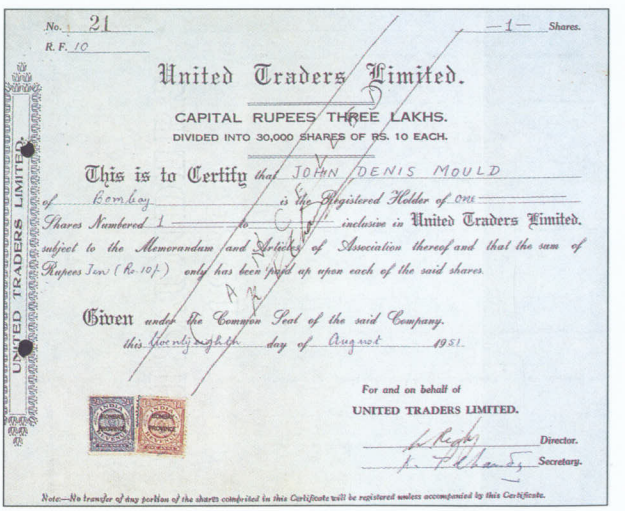
By 1944, 15 out of 57 people in the company's management were Indians. Most were at the assistant manager level but Tandon was a sales manager for HVM proprietary foods, and there were two Indian office managers.

Eleven years later, when Andrew Knox visited India in March 1955 expressly to "study the problem of the further Indianisation of our business", there were 97 Indians managers out of 149. Knox noted that all the members of the Management Committee, and 8 out of 11 senior executives were Europeans. He recommended a rapid reduction in the number of Europeans to below 40 — roughly a quarter — within one-and-a-half years. "This will, I believe, give a sufficiently Indianised set-up to satisfy Indian nationalist sentiment as currently expressed," he said.

But to the ruthlessly rigorous mind of Knox, this was not enough, for the business would not alter its essential personality. Ultimate responsibility would finally still rest

BELOW
(left and right)
Share certificates of Hindustan Vanaspati Manufacturing Company, and United Traders


No. 59 50,000 Shares.
R. F. 12
The Hindustan Vanaspati Manufacturing Co., Ltd.
CAPITAL RUPEES [redacted] THIRTY LAKHS. THIRTYFIVE LAKHS
DIVIDED INTO 350,000 SHARES OF Rs 10/- EACH.
This is to Certify that DISTRIBUTERS & TRANSPORTERS LIMITED
of LONDON is the Registered Holder of FIFTYTHOUSAND
ONLY
Shares Numbered 300001 to 350000 inclusive in The Hindustan Vanaspati
Manufacturing Co., Ltd. subject to the Memorandum and Articles of Association thereof
and that the sum of Rupees TEN only has been paid up upon each of the said shares.
Given under the Common Seal of the said Company.
this Fifth day of August 1941
For and on behalf of
THE HINDUSTAN VANASPATI MANUFACTURING Co., Ltd.
Director. Secretary.
Note:—No transfer of any portion of the shares comprised in this Certificate will be registered unless accompanied by this Certificate.
THE HINDUSTAN VANASPATI MANUFACTURING CO. LIMITED.


No. 21 —1— Shares.
R. F. 10
United Traders Limited.
CAPITAL RUPEES THREE LAKHS.
DIVIDED INTO 30,000 SHARES OF RS. 10 EACH.
This is to Certify that JOHN DENIS MOULD
of Bombay is the Registered Holder of One
Shares Numbered 1 to 1 inclusive in United Traders Limited.
subject to the Memorandum and Articles of Association thereof and that the sum of
Rupees Ten (Rs. 10/-) only has been paid up upon each of the said shares.
Given under the Common Seal of the said Company.
this twenty eighth day of August 1951.
For and on behalf of
UNITED TRADERS LIMITED.
Director.
Secretary.
Note:—No transfer of any portion of the shares comprised in this Certificate will be registered unless accompanied by this Certificate.
UNITED TRADERS LIMITED.

with the British. And it was this insight that led him to articulate an unqualified and urgent statement of faith in isation, delving down to touch the most fundamental issues involved.

"The real problems of Indianisation arise in the second phase [*Knox recorded*] when we begin to hand over final responsibility and essential initiative to Indians. When we begin to try to build an Indian business with some European assistance, rather than a European business with some Indian assistance: a business in which an Indian may expect to reach the top and a European can only expect to use his special skill in some specified position. . .I believe it to be in our interests, as well as in accord with our declared policy, to Indianise in the true meaning of the word, i.e. the utmost practical extent. . .We must realise, however, that we add to our risks and responsibilities."

Knox's radical arguments must have carried the day though no record survives of any formal discussion. Meanwhile, Tandon was feeling that he had "come to a halt on level ground", to use his own words. But an element of destiny governed isation. The plan had been that when the Chairman, Hoskyns-Abrahall, retired in 1957, he would be succeeded by the Vice-Chairman, S. H. Turner, who would later be followed by David Orr. But illness forced Turner to return prematurely to England in 1961, by when Orr had left the Indian management to join the Overseas Committee. P. L. Tandon was next in line.

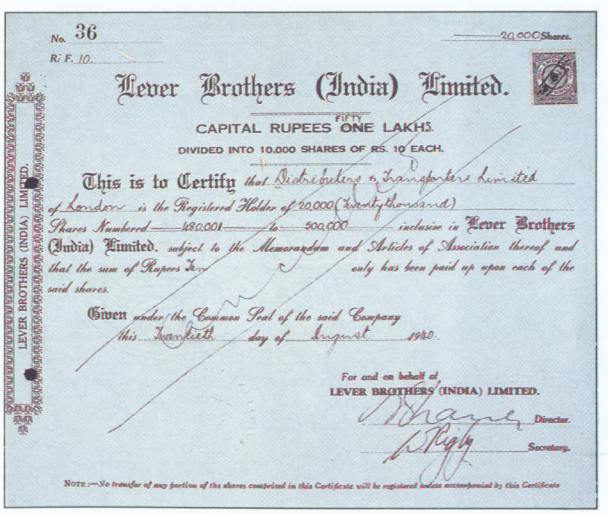
The actual moment when the offer was made is so bland as to be almost unnoticeable. Tandon sat in Unilever House, London, in the room of Robert Siddons, member of the Overseas Committee responsible for India. It was June, and the sun sparkled on the Thames River outside the window. Siddons began a little self-consciously. "Prakash," he said, "we don't think Steve Turner can go back to India after his heart attack; and we would like to offer you the chairmanship."

"Thank you, Robert," replied Tandon. "I appreciate the trust."

Later that evening, Andrew Knox, by then Chairman of the Overseas Committee, invited Tandon to a drink at the Liberal Club. There, Knox, not only an old and seasoned Unilever man but also a man who had come to love India and understand its peccadilloes, spoke to Tandon of the problems he saw ahead of the company's first Indian Chairman.

"You have an able government," he said. "But the ability seems to go into making more and more rules and producing more good reasons not to do things than anyone else I know of. It baffles us. . . I wonder sometimes what stops you. It is not, as in some countries, a lack of liking for business, for business is in your blood. . . And yet, while your government is restrictive, it is also permissive. In the end, you get your way, depending upon your perseverance. But let me not just blame your government, for there is a let-

'Prakash,' said Robert Siddons, 'we don't think Steve Turner can go back to India after his heart attack; and we would like to offer you the chairmanship.' 'Thank you, Robert,' replied Tandon. 'I appreciate the trust'


No. 36 — 20,000 Shares.
R. F. 10.

Lever Brothers (India) Limited.

FIFTY
CAPITAL RUPEES ONE LAKHS.
DIVIDED INTO 10,000 SHARES OF RS. 10 EACH.

This is to Certify that Distributors & Transporters Limited of London is the Registered Holder of 20,000 (twenty thousand) Shares Numbered 480,001 to 500,000 inclusive in Lever Brothers (India) Limited, subject to the Memorandum and Articles of Association thereof and that the sum of Rupees Ten only has been paid up upon each of the said shares.

Given under the Common Seal of the said Company this Twenty-Sixth day of August 1940.

For and on behalf of
LEVER BROTHERS (INDIA) LIMITED.
Director.
Secretary.

NOTE:—No transfer of any portion of the shares comprised in this Certificate will be registered unless accompanied by this Certificate

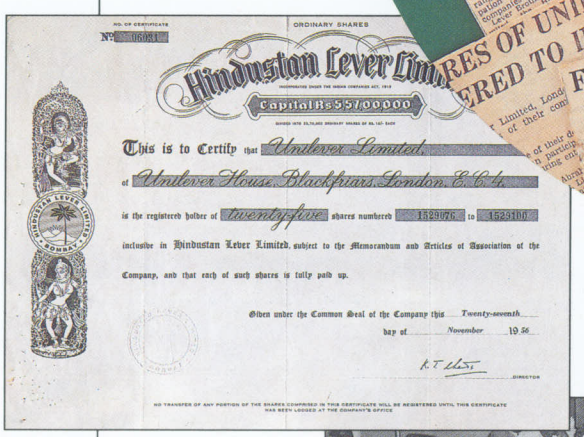
LEVER BROTHERS (INDIA) LIMITED.

LEFT
The share certificate of Lever Brothers India Limited

A most memorable event

By all accounts, the company's first share issue was a memorable event for the Bombay Stock Exchange. On November 21, 1956, Hoskyns-Abrahall met the press at the Banquet Room of the Taj Mahal Hotel. Nearly 80 newspapers from all over India sent their representatives

BELOW
Chairman Hoskyns-Abrahall speaks to the press at the company's share issue. To his right sits Steve Turner



hargy within the business too. Even after your government has sanctioned a project, and we have approved it, you take ages to do it. What takes nine months to build elsewhere takes you five years." P. L. Tandon left England, taking a BOAC flight, to return to his new assignment in India. When he took over the helm of Hindustan Lever, there were 205 managers in the company.

Only 14 of them were Europeans.

There is a clear and important difference between training nationals to replace expatriates and handing over ownership to them. Even as late as 1945, Unilever entirely owned all its subsidiaries in all countries. India was the first country where official pressure and business expediency made it a good idea to dilute British equity participation. If the process was fraught with tension and resistance and artful negotiations between the company and the government, it held a vital lesson as well: that a multinational is likely to suffer if it resists official policy. Once learnt, this insight has guided Hindustan Lever into a flexibility of response and an innate business creativity that few other Indian corporations today can match.

The pressure to dilute equity came, ironically, from one of the company's chief marketing agents of the early days, T. T. Krishnamachari. Risen to the post of Union Minister for Commerce and Industry, he apparently felt that, as a progressive organisation, Hindustan Lever ought to set a good example for other firms to follow

The pressure to dilute equity came, ironically, from one of the company's chief marketing agents of the early days, T. T. Krishnamachari. Risen to the post of Union Minister for Commerce and Industry, he apparently felt that, as a progressive organisation, Hindustan Lever ought to set a good example for other firms to follow. In 1954, he asked H. V. R. Iyengar, Commerce Secretary, to talk to the company's Chairman, Hoskyns-Abrahall, about offering shares to the public. The Chairman was intractable in his position that international companies did not do this sort of thing, and reported to his head office that it seemed like "national prestige rather than business economics".

But by January 1955, Unilever had accepted that the situation needed a better response. J. H. Hansard, one of the earliest directors of Lever Brothers India Limited, in 1933, was despatched to look at the situation, and advised all concerned that Unilever companies in India should be amalgamated into one company, a part of whose equity should be sold to the public. Next year, the time came for the historic re-organisation that led to Hindustan Lever being formed. The erstwhile Hindustan Vanaspati Manufacturing Company, United Traders, and Lever Brothers India Limited merged their interests and identities. The Union Finance Ministry, through the Controller of Capital Issues, granted Unilever permission to issue 10% of their holdings — 5,57,000 shares — in Hindustan Lever Limited to the public at a premium of Rs.6/8 annas per share of Rs.10 face value. At the end of the issue, 21,623 Indians owned a part of Hindustan Lever. The issue was oversubscribed six to seven times.

By all accounts it was a memorable event for the Bombay Stock Exchange. On November 21, Hoskyns-Abrahall met the press at the Banquet Room of the Taj Mahal Hotel. Nearly 80 newspapers from all over India sent their representatives. Five days later, on November 26, 1956, the sale offer was published in 19 leading English journals and five commercial journals.

The printing of the share certificates, share transfer forms and cheques themselves was a top security job, with the maximum fuss centering around a set of blocks which held the signatures of the two gentlemen of the company — K. T. Chandy and R. J. Wheeler, both Directors. Each share scrip had to bear Chandy's signature, while each transfer form, and all cheques, needed Wheeler's.

Round-the-clock surveillance went on at the two presses where these were being printed. Company officials worked shifts. Every scrap of paper that emerged from the press had to be accounted for, and each day, the signature blocks had to be returned to a safe deposit locker at the head office.

From all over the country, there poured in a flood of applications for shares. For the first time, brokers handling the issue had to send application forms to petty shopkeepers and members of the lower middle class from far flung towns. The press comments were interesting too: "Unilever is a name to conjure with in the history of free enterprise," wrote the Hindustan Standard, "and the present issue by Hindustan Lever should remind many of what Levers have achieved and of what worlds it may yet conquer with its motto of 'sell quality goods at fair prices' ".

"Any enterprise of Unilever is not a commercial undertaking," declared the *Hitavada*. "It is a gilt-edged affair."

With the public issue, there must have been also the unfamiliar sense of proprietary ownership that large companies sometimes evoke in their shareholders, for there is on record the anonymous gentleman who wrote to the Chairman, expressing his readiness "to join forthwith the Board of Directors of Hindustan Lever". Claiming to be an "outstanding expert" in business and industrial administration, the writer suggested that, as the post of Managing Director seemed to be vacant, he might be found adequate.

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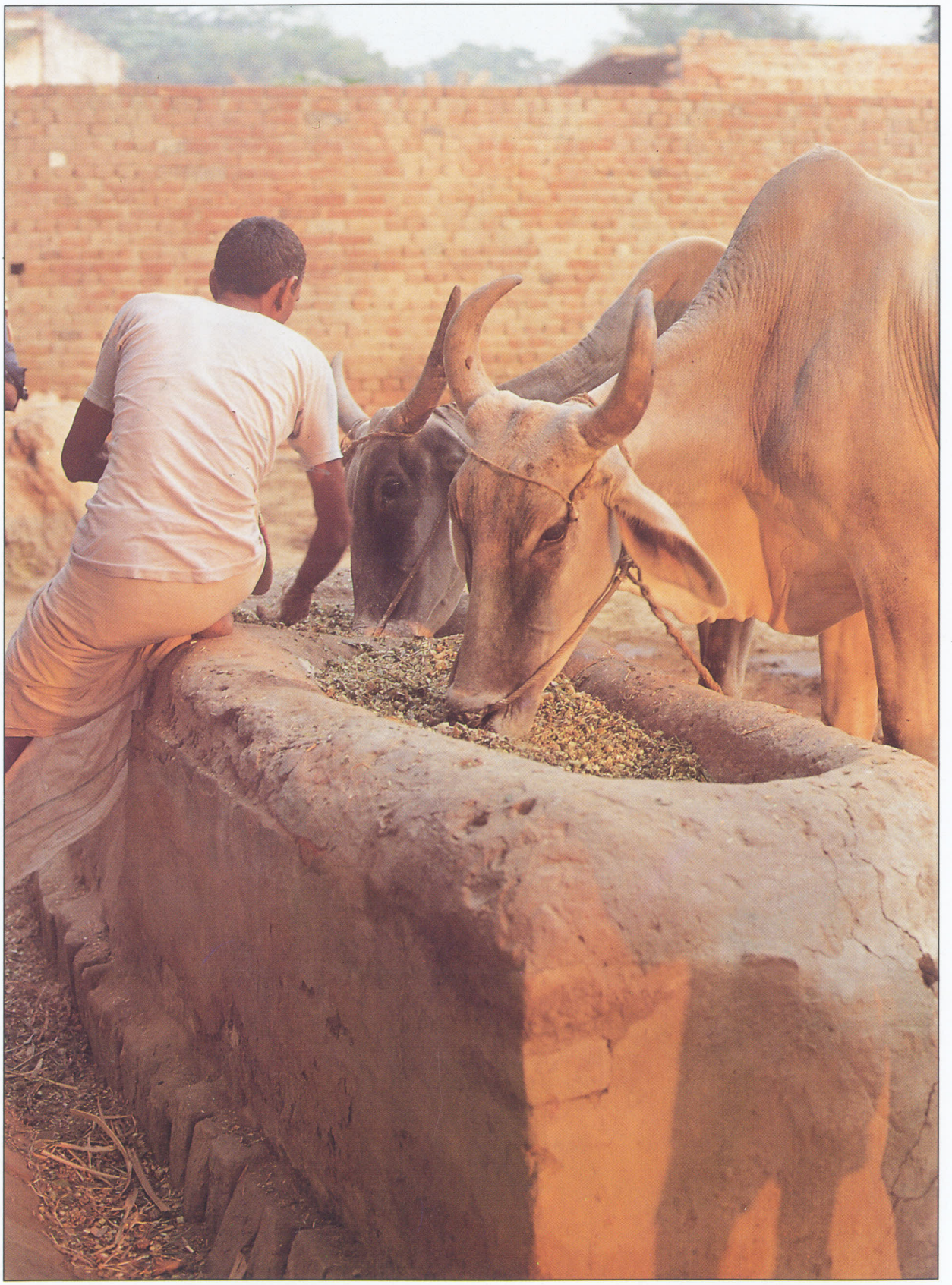
FACING PAGE
Hindustan Lever House, Bombay

The matter of the share issue was not revived until July 1964, and it was not till a year later, in August 1965, that Tandon launched it. The share price, upon re-evaluation in the new economic environment, was assessed to be about Rs.23. In the issue, the asking price fixed was Rs.18 — and even then, the shares were not fully subscribed. By the end of 1966, Indian participation had gone up to about 15%.

The biggest problem with pressing for ever-increasing Indian shareholding was that Indians would pay in rupees, which could not be converted into hard currency. Thus they could not finance the imports of capital and machinery needed to finance expansion that depended on imported equipment. If, on the other hand, Unilever were to provide the foreign currency for such imports, that would surely affect the balance of shareholding. It was not till after 1965 that a solution of sorts was worked out: the government would allow Hindustan Lever to increase its total share capital and sell all the new shares to Indians. The government would then provide enough hard currency to finance approved imports of capital goods, and accept rupees as payment.

By the late 1970s, the company could finance expansion and diversification by increasing its equity and at the same time conforming to all government norms. With this, Hindustan Lever became a good boy, at least as far as the nationalist sentiment went. Within the company, culture evolved through transactions such as this one.

Hindustan Lever in India learnt early that in order to grow, you have to help others grow. And when you do that, you cannot help growing yourself.



7
The Etah experiment

Nothing would grow on Darbara Singh's land.

Around Etah, they called it usar land, but a soil scientist might have told you that it was uncultivable because it was strongly alkaline or saline, and poorly drained. And Etah district, sandwiched between Uttar Pradesh's sprawling western and eastern halves, was cursed with thousands of these infertile plots. Darbara's 100 acres were in the village of Meerapur, a miserable hamlet in the middle of nowhere, waterlogged through the monsoons and almost inaccessible even in other times.

Darbara worked his fields for ten years and then returned to his native Punjab, depressed and hopeless, hoping to find some other livelihood. But he could not stay away from his land for long. Dogged by a feeling that there must be something he could do, he returned to Meerapur. This time he had better luck. He met the managers of a company called Hindustan Lever, who had apparently figured out a way to reclaim and green even usar land.

As Darbara listened to their ideas, his own turnaround began.

Today, he and other migrant Punjabi farmers like him are among the more successful farmers in the district. Darbara profitably grows paddy, mustard and sunflower and has decided that his next move will be into piggery farming. the company's Integrated Rural Development team has arranged for him to be trained at the Indian Veterinary Research Institute, Bareilly.

Pigs. Sunflowers. Alkaline soil. Migrant farmers. A struggling district in Uttar Pradesh. Hindustan Lever. Is there a connection?

There is, and understanding it is like opening a window into the company's mind. Hindustan Lever has always grown because it did not turn back when it met a bump on the road, but instead chose a new direction, often unprecedented. It is in this spirit that we must view the company's diversifying ventures into areas it

Early surveys had indicated abundant potential for milk at Etah, based on the cattle count. Surely a modern dairy would be profitable

FACING PAGE
A farmer with his cow in an Etah village

had no reason to be in — and entering the dairy business in Etah was certainly one of those.

The dairy, set up in 1963 at a cost of Rs.2 crores, was part of an ambitious diversification programme. The commercial logic was impeccable: 2,74,000 households spread over 1,510 villages. No agriculture worth mentioning, but early surveys had indicated abundant potential for milk, based on the cattle count. Surely a modern dairy would not only be profitable but also spur an increase in the standard of living and economic condition of this district?

A dozen supervisors, all agricultural graduates, were charged with discovering why the district's milk yield was so low despite its cattle abundance. They lived for a period in five villages of Etah and studied the matter closely

It didn't.

It was clear by 1973 that, though there were cattle, there was no milk, or at least, not enough milk to make the project viable. In the best traditions of the business thinking, commercial logic recommended an early closure of the whole operation. In the mid-1970s, the company, realising that there could hardly be any takers for a losing proposition such as the Etah Dairy, decided to gift it to the Uttar Pradesh government. But the government quickly realised that if a company of the known professionalism of Hindustan Lever was unable to run the dairy, then the offer needed careful thought. The Chief Minister of that time, N. D. Tiwari, threw the gauntlet back into the company's court. *Don't give up on Etah*, he urged. *We want you to make the dairy succeed. We want you to green Etah.*

With that, in 1976, began a process that moulded not just the district but the company itself, for in apprehending the bare bones of why the dairy was unviable, Hindustan Lever had to recognise its own urges towards a different kind of growth, and its implications. Running a business in India required a readiness to participate in

BELOW
The well in a village in Etah district

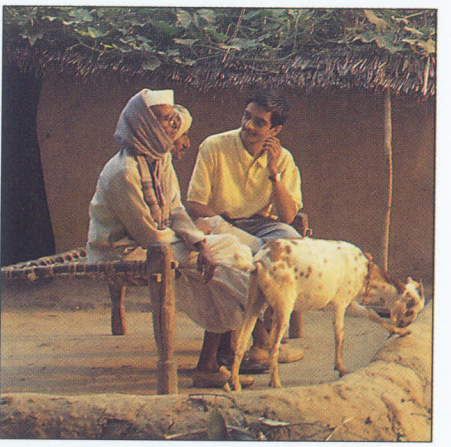
the process of national renewal. In the case of Etah, profits — the legitimate quest of any healthy corporation — could not and would not accrue until Hindustan Lever had brought professionalism to bear on improving the quality of life of Etah's villagers.

They were known to be a proud and poverished community. Crime was rife, and even children brandished home-made guns. Life was not valued. And the surpluses of milk Hindustan Lever had forecast were not materialising. Why?

It seems as though change began almost from the moment that question was asked. A dozen supervisors, all agricultural graduates, came to the fore. They were charged with discovering the reasons for the district's low milk yield despite its cattle abundance. They dispersed and lived for a period in five villages of Etah and studied the matter closely. Finally, their reports were in.

Thought by thought, the logic of the development of an industrially backward area began to dawn on the company. Before the company looked to the cattle's productivity, it would have to look to the farmers' needs: guidance; finance; and motivation.

Farmers had cattle, true, but they could barely afford to feed them for they earned precious little from agriculture on the sterile land God had thrown them on. Knowing the deficiencies of their soil, they hardly used fertilisers. Besides, credit facilities were a problem. The village money-lender, with his crippling rates, was their master, and it was in his personal interest to ensure that they never did any better.



LEFT
The Etah farmer today perceives dairying as profitable

Nearly a crore rupees in bank loans had turned into bad debts — poverty dictated its own terms. Money given for procuring milch animals had been made to subserve more basic needs. The same milch cow would be rotated between a clutch of farmers as proof that they had correctly utilised the bank loan.

Thought by thought, the logic of the development of an industrially backward area began to dawn on the company. Before the company looked to the cattle's productivity, it would have to look to the farmers' needs: guidance; finance; and motivation.

The land must be made more fertile. Science and technology, the company's strengths, had to be pressed into service and new opportunities opened up. Reassured that their land could support them, farmers might begin treating loans as investments rather than income. Cattle numbers and health might improve. And with it might come the flourishing, healthy dairy that the company had hoped for.

Such thoughts led to the formulation of Hindustan Lever's Integrated Rural Development (IRD) Programme. It began with five villages, but by 1982, there were almost 100 villages under it. That year, the emphasis shifted to clusters of villages, which pushed up the villages covered to about 250.

The dairy turned profitable in 1984. Farmers have learnt that, on reclaimed usar land, one can grow castor (which the company uses to extract oils for soapmaking) as a mixed crop with maize. Hindustan Lever scientists have developed varieties of mustard that take root on saline soil. There are about 500 Village Dairy Societies patterned on the Anand cooperative model.

The Etah farmer today perceives dairying as a profitable business. So, indeed, does the company.

8
A time to grow

Everything happened in 1973. The Industrial Policy of that year categorised, for the first time, all industries into Appendix 1 activities and non-Appendix 1 activities. The former involved high technology and came to be known as the core sector, and included metallurgical products, chemicals and fertilisers. None of Hindustan Lever's traditional products (like soaps, shampoos, skin creams and toothpastes), vanaspati or animal feeds fell into Appendix 1. Detergent brands like Surf and Rin would only be brought in later, into Phase II of Appendix 1, only because their manufacture in India involved import substitution and chemical technology.

Hindustan Lever had already found it a good idea to participate in the development of backward areas, and had begun acting on it, long before the government decided to make make it part of corporate social responsibility. Perhaps it was this alone which ensured that when the company came face to face with the government's stringent acts on Foreign Exchange Regulations, and Monopolies and Restrictive Trade Practices (MRTP) Act, it was psychologically prepared to respond quickly.

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Growth in non-Appendix 1 areas would not be allowed: the government made this very clear. Indeed, large corporations like Hindustan Lever could only move forward by diversifying into the core sector.

"The course of such diversification is a long and difficult one and the gestation period of a major project can be anything upto seven years. In order to provide a continuous system of identifying, developing, analysing, evaluating and implementing new projects, a Corporate Development Department was started in 1971 [i.e. well before the FERA amendments]. A number of projects are now under consideration by the company and the government. They involve not only self-reliance but also development of backward areas. . ."

The first such project did not fructify but set up the basis for much of the chemical manufacturing activities the company undertook. In collaboration with Mitsui Toastu of Japan, the company prepared a fertiliser project in 1971. But by the next year, the gov-

FACING PAGE
Sulphuric Acid Plant chimney at Haldia

When a company finds in itself the freedom of enterprise and flexibility to move to unfamiliar roles in unexplored areas, then it must mean that it has such people on its rolls

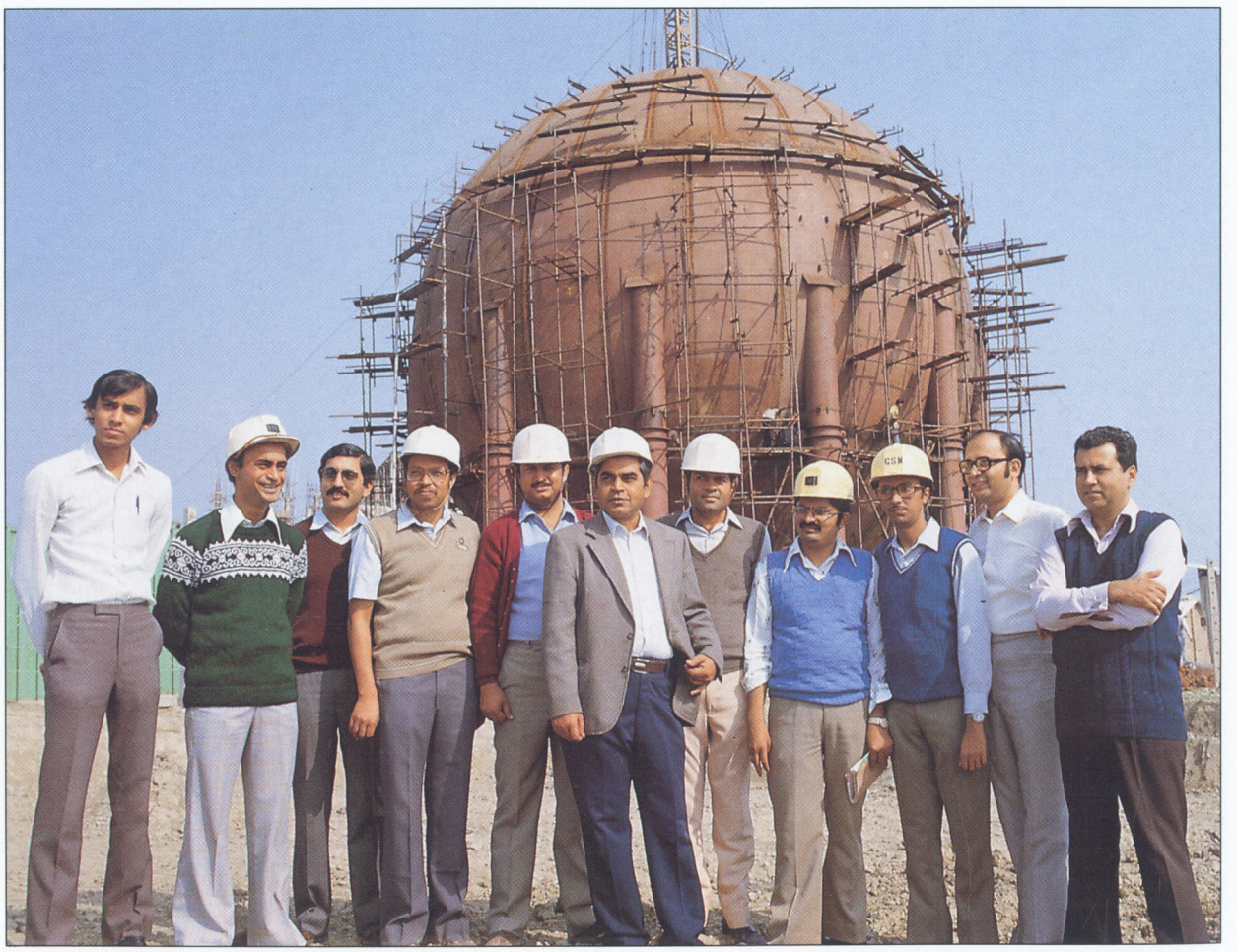
ernment's taxation policies and uncertainties about feedstock compelled the company to abandon the project — though not all of it. A small part of the fertiliser manufacture scheme had related to the manufacture of phosphoric acid for use in making sodium tripolyphosphate (STPP), a vital ingredient in detergents. At that time, all of the company's STPP needs were being met by one local supplier — clearly a precarious position. The company pressed for pushing ahead with STPP manufacture.

The site chosen was 200 acres in Haldia, a backward area of West Bengal's Midnapore district. It made sound sense to site a chemicals factory at Haldia: most of the raw materials are imported, and Haldia was a deep-water port, downriver from Calcutta on the Hooghly. Adjoining Hindustan Lever's factory in the newly built town of Haldia were a refinery and a fertiliser plant, both government owned.

With the commissioning of the STPP plant in 1979, the company made a giant step into the core sector. The factory's output is not only sold in the open market, but has helped ensure that HLL's factories are never in short supply of this key chemical.

One thing led to another. The company had already noted that there was a respectable demand in Bengal for the complex fertiliser di-ammonium phosphate (DAP), which, like STPP, required phosphoric acid for its manufacture. "It seemed logical to also make DAP at Haldia," says Krishnan Nayar, who was at that time the General

BELOW
Haldia factory team in front of storage plant, which was then under construction



Factory Manager at Haldia. Logic's momentum led to a Rs.22-crore DAP plant being commissioned at Haldia in 1985. "It disproves the theory that things do not happen smoothly in this country," said former Union Minister Pranab Mukherjee, a guest at the inauguration. He was referring to the fact that the plant was completed exactly on schedule — 20 months, as promised — and within budget.

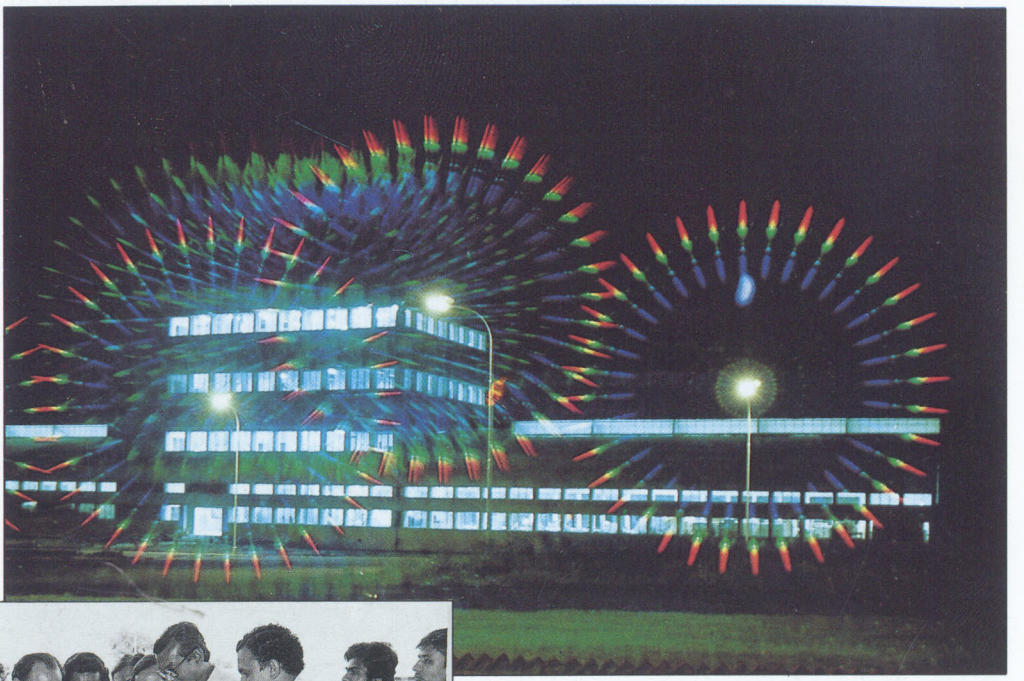
Haldia's future was still opening up. Nationwide, there were known to be nine refin-

'There is only one criterion for the topmost position in the company. We are looking for people who have the character and courage not to conform when times are tough'

LEFT
The completed ammonia storage unit at Haldia, with the Paras plant in the background

BELOW
Sir Kenneth Durham, the then Chairman of Unilever, with Mr. Jyoti Basu, Chief Minister of West Bengal, at the inauguration of the Haldia DAP plant in 1985

So acute was the water position at Chhindwara, Madhya Pradesh, that the factory's construction could not proceed without tankers bearing water from almost 10 kms away



RIGHT
Chhindwara Factory
BELOW
Mr. Arjun Singh, the then Chief Minister of Madhya Pradesh at Chhindwara Factory's inauguration

eries meeting their requirements of Fluid Cracking Catalysts (FCC) through imports. Hindustan Lever began to plan diversification into this area, using expertise that Unilever had gained in other countries. In October 1989, the company commissioned an FCC plant at Haldia, and also a synthetic detergents unit at Sumerpur, which is reputed to have the most advanced detergent bar manufacturing unit in India.

For a company like Hindustan Lever, which builds such a large dimension of high technology into its projects, setting up in industrially backward areas means a very special effort before the unit can be made viable, for the right people for the shop-floor do not exist in backward areas. They have to be created by the company — and over years of diversification, the company has grown new muscles, all to do with creating growth and opportunities in areas where nothing existed before the company set foot. Indeed, the first such project in 1976, in the troubled state of Jammu & Kashmir. The company was permitted to build a factory in the low-lying backward area in the outskirts of Jammu. The Jammu project, which was viewed as nerve-wracking by some of those involved in it, is an excellent example of a corporation helping the land as a way of helping itself.

Even the normal services that one might expect at a project site — plumbers, mechanics, odd-job men — were not available. The place was inaccessible, except by jeep over bumpy terrain, from the railway station. "People were completely unfamiliar with turning up regularly to work," recalled Anup Mathur, who ran the factory, in 1982. "They found it hard to concentrate for a whole shift at a time, but now, six years later, the productivity is very high. We won a national safety award for having had a record number of days without accidents."

Hindustan Lever's Jammu Factory set the trend that other industries followed. Today the company is an industrial diadem, studded with innumerable factories, bristling with employment and good, healthy economic and manufacturing activity. Production has expanded to include Paras, as well as fine chemicals as import substitutes.

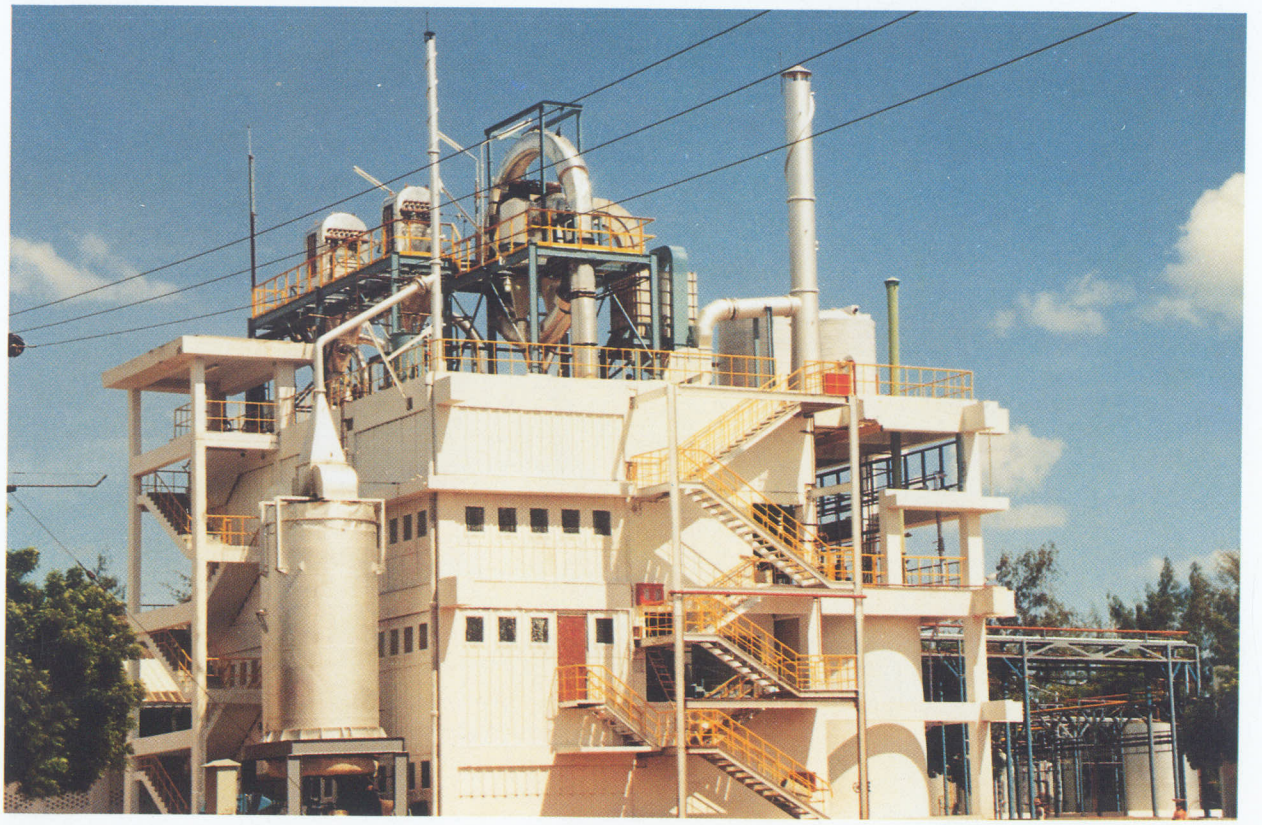
Eight years after Jammu, Hindustan Lever's factory in Chhindwara, Madhya Pradesh, echoed the experience — but by this time, the company knew the nuts and bolts of coping with diversification. So acute was the water position that the factory's construction could not proceed without tankers bearing water from almost 10 kms away. During construction, engineers managed by treating a renovated cattle-shed as their site office, while their nine managers survived in a three-room bungalow.

"The people we have trained to work for us are enormously proud of having some of the rare factory jobs in the area," says Anand Sapru, the factory's Personnel Manager. "They seem almost to have become a caste of their own in the area, always standing together waiting for the bus or at parties. I think there are even some marriages arranged between Hindustan Lever families."

In the last decade, the company has ventured with confidence into more backward areas than ever before in its history, establishing factories and spurring not merely environmental growth but also sharpening the company's profile. At Sandeshkhali, West Bengal, full-scale prawn farming has come up in an area that has no electricity and is at least 60 kms away from civilisation of any kind. A hatchery in Muthukadu, Tamil Nadu, has already proven the feasibility of prawn breeding under controlled conditions. With the setting up of a fluid cracking plant in 1989 at Haldia, and a functionalised biopolymer unit at Pondicherry, HLL has entered the arena of specialised chemicals.

Today, HLL is highly visible in India's backward areas. The company has signalled that it has a role to play in industrialising the country's backward regions, and is willing to bend itself to the task

BELOW
The functionalised biopolymer unit at Pondicherry which was commissioned in 1990



Today, Hindustan Lever is highly visible in the country's backward areas: Khamgaon and Yavatmal, both in Maharashtra; Rajpura, Punjab; Pondicherry; Sumerpur and Orai, in Uttar Pradesh. The company has signalled that it has a role to play in industrialising the country's backward regions, and is willing to bend itself to the task. Over the last quarter-century, the company's efforts have led to vigorous activity in 14 designated backward areas in five states and one union territory. For runni-

ABOVE
Mr. L. K. Jha (left), the then Governor of Jammu & Kashmir; Sheikh Abdullah, the then Chief Minister of (centre); and Mr. T. Thomas (right) at the inauguration of Jammu Factory in February 1977

The company was permitted to build a factory in the low-lying backward area in the outskirts of Jammu. The Jammu project, viewed as nerve-wracking by some, is an excellent example of a corporation helping the land as a way of helping itself

RIGHT
Sulphonation plant at Jammu factory

ng industrial projects in these regions, HLL has had to develop entirely new and innovative approaches to planning and implementation. At each step, the company is helping create a new growth centre. And that can only strengthen its arm and further its growth prospects.

Over the last 25 years, HLL's efforts have led to vigorous activity in 14 designated backward areas in five states and one union territory. At each step, Hindustan Lever is helping create a new growth centre

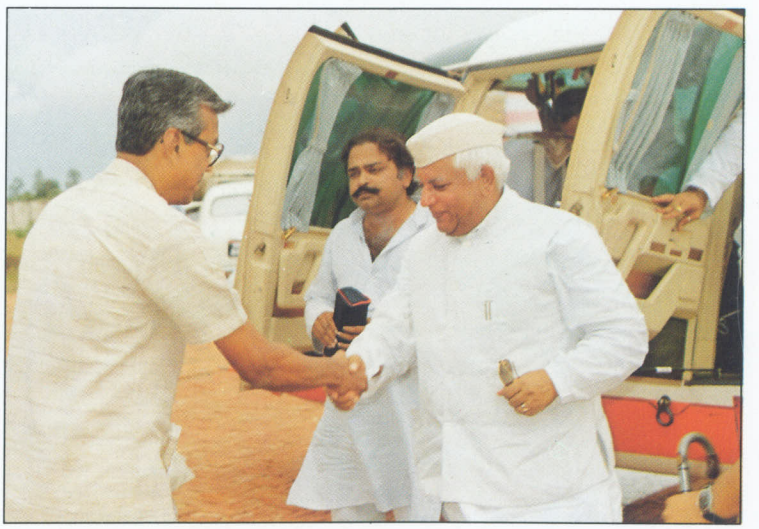
LEFT
Timotei Shampoo being manufactured for export at Kandla Unit

BELOW
Mr. N. D. Tiwari, at that time the Chief Minister of Uttar Pradesh, is welcomed by Dr. Ashok Ganguly at the inauguration of Sumerpur Factory

There is an insight hidden within the growth, and it has perhaps to do with the Hindustan Lever's people. When a company finds in itself the freedom of enterprise and flexibility to move to unfamiliar roles in unexplored areas, then it must mean that it has such people on its rolls. We can say about Hindustan Lever that even this attitude was learnt — there was a time when a non-conformist would have found no place in the company.

In the mid-1950s, when Hoskyns-Abrahall was the company's Chairman, a young man, conspicuously able and bright but also very individualistic, had been among the group for the final interview. There is an account of the interview in P. L. Tandon's *Beyond Punjab*: "He stood out in sheer ability and maturity well above the rest, whom he seemed to irritate. He was impatient with the speed of their reasoning, and would become quite apathetic until some argument attracted his attention and he joined in, only to disrupt the group again. At the individual interview, he was equally brilliant, but he also managed to irritate some of the board.

"After the interview we broke into a lively discussion. All were full of praise for the boy, quite the best mind we had come across for a long time, and yet the same question came to all of us: would he fit into the organisation? If he managed to irritate some of us, what about his colleagues and subordinates? He was able, highly able, but would he make any effort to tolerate the less able, or accept genuine disagreement? In an organisation like ours, it was mostly a matter of teamwork, where the individual's achievement was rarely entirely his own. And yet we all felt we were letting talent go; there should be a way of fitting him in; it was almost a reflection on the organisation to turn him down. We decided to ask him back to the Board, something we did not often do. The boy returned, cool, almost contemptuous. Abrahall, in his mild, scholarly way, said: "You know, we have asked you a lot of questions, but it did not occur to me to ask you if there were any questions that you wished to ask."



"No," he replied coldly, looking straight at Abrahall. "I have nothing to ask, though I have something to say. I do not think you will select me. I am not your type."

"Yes," said Abrahall simply. "I think you are right. I am sorry because we are very impressed with your ability."

"I know," rejoined the young man, who was next offered a Rhodes Scholarship in Oxford. "You really want someone else. Someone able, but more likely to conform."

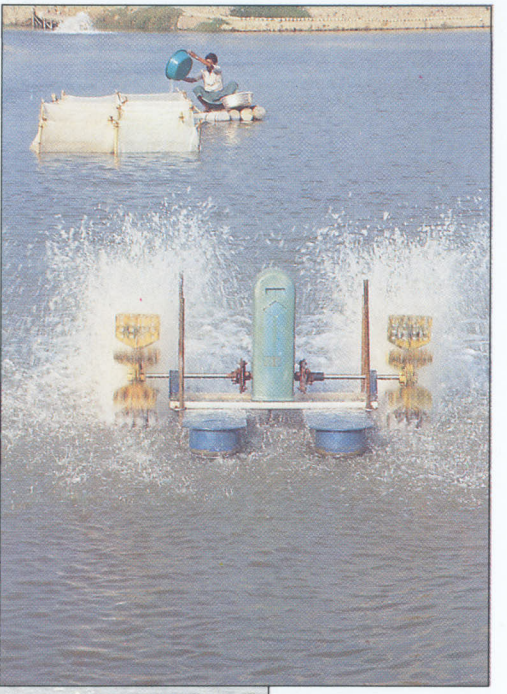
ABOVE
Ghaziabad Factory

Clearly, Hindustan Lever did not choose the course set by Abrahall's words, for its stature and eminence in this country today is largely the result not of conformism, but the most venturesome sort of trail-blazing. Its Chairmen, risen from the ranks and tempered by varieties of industrial and managerial experience, are people who make new rules when existing rules prove inadequate for coping with developing situations. Each move that steered the company towards self-actualisation and character-formation in India — manufacturing, technology, isation, diversification — have been the results of daring and a spirit that sought new solutions, not formulas.

If Lord Cole, Unilever's Chairman, had been alive today, then his answer to the young manager's question about the criteria for appointments to the Board might have been different: "There is only one criterion for the topmost position in the company," he might have said. "We are looking for people who have the character and courage not to conform when times are tough.

"We are looking for people of quality."

A growing strength in industry



At Sandeshkhali, West Bengal, full-scale prawn farming has come up in an area that has no electricity and is at least 60 kms away from civilisation of any kind. A hatchery in Muthukadu, Tamil Nadu, has already proven the feasibility of prawn breeding under controlled conditions

ABOVE
Tiruchy Factory

FACING PAGE
(above)Haldia Factory
(Below left) Liril talc manufacture at Yavatmal
(Below right) Stepan Chemicals, Rajpura

OVERLEAF
Paras DAP has dramatically increased crop yield for many Indian farmers


PARAS
SARVOTTAM KHAD
D.A.P.

Milestones

1888 Sunlight soap introduced in India

1895 Lifebuoy soap launched; Lever Brothers appoints agents in Bombay, Madras, Calcutta and Karachi

1902 Pears soap introduced in India

1905 Lux soap and Lux flakes introduced

1913 Vim scouring powder, first range of Erasmic toilet preparations introduced

1914 Vinolia soap launched in India

1918 Vanaspati introduced by Dutch margarine manufacturers like Van den Berghs, Jurgens, Verschure Creameries and Hartogs

1922 Rinso soap powder introduced

1924 Gibbs dental preparations launched

1925 Lever Brothers gets full control of North West Soap Company

1926 Hartogs register Dalda Trademark

1930 Unilever forms on January 1 through merger of Lever Brothers and Margarine Unie

1931 Hindustan Vanaspati Manufacturing Company registered on November 27, Sewri factory site bought

1932 Vanaspati manufacture starts at Sewri

1933 Application made for setting up soap factory next to the vanaspati factory at Sewri; Lever Brothers India Limited incorporated on October 17

1934 Soap manufacture begins at Sewri factory in October; North West Soap Company's Garden Reach Factory, Calcutta rented and expanded to produce Lever brands

1935 United Traders incorporated on May 11 to market Personal Products

1937 Mr. Prakash Tandon, one of the first Indian covenanted managers joins HVM

1938 Rexona soap launched in India

1939 Garden Reach Factory purchased outright; concentration on building up Dalda vanaspati as a brand

1941 Agencies in Bombay, Madras, Calcutta and Karachi taken over; company acquires own sales force

1942 Unilever takes firm decision to "train Indians to take over junior and senior management positions instead of Europeans"

1943 Personal Products manufacture begins in India with plant at the Garden Reach Factory

1944 Reorganisation of the three companies with common management but separate marketing operations; Mr. W. G. J. Shaw and Mr. C. S. Petit become joint Managing Directors of the three companies

1947 Mr. W. G. J. Shaw leaves, Mr. C. S. Petit alone takes charge

1951 Mr. Prakash Tandon becomes first Indian Director. Shamnagar, Tiruchy and Ghaziabad Vanaspati factories bought

1953 Mr. A. J. C. Hoskyns-Abrahall takes over as Chairman from Mr. C. S. Petit

1955 65% of managers are Indians

1956 Three companies merge to form Hindustan Lever Limited, with 10% Indian equity participation

1957 Mr. S. H. Turner takes over as Chairman from Mr. A. J. C. Hoskyns-Abrahall; Unilever Special Committee approves research activity by Hindustan Lever

1958 Research Unit starts functioning at Bombay Factory

1959 Pilot project for growing peas; trial milk collection projects; Surf launched

1961 Mr. P. L. Tandon takes over from Mr. S. H. Turner as the first Indian Chairman; 191 of the 205 managers are Indians; Lux Toilet soap in new colours

1962 Formal Exports Department starts

1963 Indexport Limited, fully owned subsidiary, formed for Exports; Head Office building at Backbay Reclamation, Bombay, opened

1964 Etah dairy set up, Anik ghee launched animal feeds plant at Ghaziabad; Sunsilk shampoo launched

1965 Ghaziabad plant for dehydration of peas, Hima dehydrated peas in market; Signal

toothpaste launched; Indian shareholding increases to 14%

1966 Lever's baby food, more new foods introduced; Nickel catalyst production begins; Indian shareholding increases to 15% statutory price control on vanaspati

1967 Hindustan Lever Research Centre, biggest in the private sector, opens in Bombay

1968 Mr. V. G. Rajadhyaksha takes over as Chairman from Mr. Prakash Tandon; Fine Chemicals Unit commissioned at Andheri; informal price control on soaps begins

1969 Monopolies and Restrictive Trade Practice Act comes into force; Rin bar launched; Fine Chemicals Unit starts production

1971 Mr. V. G. Rajadhyaksha presents plan for diversification into chemicals to Unilever Special Committee plan approved; Clinic shampoo launched

1973 Industrial policy outlines Appendix - I (core sector —— heavy chemicals, heavy electricals and so on, and later, in Phase II synthetic Detergents) and non-Appendix I activities; changes in Foreign Exchange Regulation Act (FERA) stipulate that foreign-owned companies which have 75% turnover in core sector or are exclusively export-oriented, can retain 74% foreign share-holding. All other foreign-owned companies must reduce foreign shareholding to 40%

1973 Mr. T. Thomas takes over as Chairman from Mr. V. G. Rajadhyaksha

1974 Pilot plant for industrial chemicals at Taloja; informal price control on soaps withdrawn; Liril marketed

1975 Ten-year modernisation plan for soaps and detergents plants; Jammu project work begins; statutory price control on vanaspati and baby foods withdrawn; Close-up toothpaste launched

1976 Further amendment to FERA —- 51% foreign shareholding allowed for companies with 60% turnover in core sector and 10% in exports; construction work of Haldia chemicals complex begins; Taloja chemicals unit begins functioning; Liril talc launched

1977 Jammu synthetic Detergents plant inaugurated; Indian shareholding increases to 18.57%

1978 Indian shareholding increases to 34%; Fair & Lovely skin cream launched

1979 Sodium Tripolyphospate plant at Haldia commissioned; Madras Exports Processing Zone unit is set up

1980 Dr. A. S. Ganguly takes over as Chairman from Mr. T. Thomas; Unilever shareholding in the company comes down to 51%

1982 Fine chemicals manufacture begins at Jammu; government allows 51% Unilever shareholding

1984 Foods, Animal Feeds businesses transferred to Lipton; Chhindwara unit is set up

1985 DAP plant at Haldia commissioned

1986 Agri-products unit at Hyderabad starts functioning — first range of hybrid seeds comes out; Khamgaon Soaps unit and Yavatmal Personal Products unit start production

1988 Mangalore Detergents unit acquired; Lux International, Breeze and Wheel launched

1989 Fluid Cracking Catalyst plant at Haldia, Detergents unit at Sumerpur and Footwear (Exports) unit starts at Pondicherry

1990 Mr. S. M. Datta takes over as Chairman from Dr. A. S. Ganguly

1990 Soaps unit, Orai, and Functionalised Biopolymer unit, Pondicherry commissioned; Sandeshkhali prawn (Exports) growout farm goes commercial; Surfmatic detergent, phosphogypsum, organic manures marketed

1991 Lifebuoy Plus, Le Sancy, Breeze Sandalwood, Liril Cologne Lime soaps, Triple Power Rin Powder and Surf Ultra detergents, Close-up Green toothpaste, Fair & Lovely lotion, Carbogen in market.

1992 A joint venture, Nepal Lever Limited, formed to produce soaps and toiletries in Nepal; Soaps Units Dabgram and Shivalik Cellulose commissioned; Comfort fabric softener launched; Mentadent G toothpaste, launched

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Hamara

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I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood.

— THE FIRST VISCOUNT LEVERHULME