

COVER STORY

GOING GRANULAR

**F**OR P. B. Balaji, Executive Director, Finance & IT and Chief Financial Officer, HUL, a large part of winning requires focussing on the smallest of details



In HUL, the role of both IT and finance has been plugged into all aspects of its business and decision-making. A game changer for the company has been the introduction of the zero-based budgeting (ZBB), which was done with the objective of controlling avoidable costs that were not adding to consumer benefits or business growth.

The ZBB impacted several aspects of the business but Balaji believes the company is still well funded. Citing the example of advertising costs, at Rs 905 crore, he asserts that HUL maintains competitive ad-spends. Instead of focusing on the share of voice or market, it has gone back to a more 'puritanical marketing approach' that involves focusing on the consumer and the campaign, including the quality of the marketing asset, the reach and the frequency.

"When you take this approach, you focus on the effectiveness of the spend. I would say, we are very well funded. Somewhere when we make the conversation about the quality of a message rather than volume, it goes back to the core of purpose-driven brands. The moment you continue with that proposition, everything falls in place," he says.

**The Priority Order: To Make HUL Win**

One priority for the role of finance is seen in the company's relationship with the parent brand Unilever. The appreciation in Indian currency did not impact HUL in terms of royalty as it's paid in rupees. However, the larger relationship between the two is based on synergies. For HUL, Unilever is as much a shareholder as any other, and the principle is simple — when HUL wins, everyone wins.

"The sequence of priorities cannot be confused," says Balaji, adding, "We need to focus on capabilities, and ensure that we get and give a fair deal. We as management, as well as, our audit committee and the board who approves our royalty payments, satisfy themselves every year on what has been received from Unilever." At the same time, if the HUL board asks for something specific, like getting a perspective on HUL's approach to information security, Unilever's global team chips in.

The same was true for e-commerce. When HUL set up its e-commerce team two years ago, it barely had any numbers to show. It created the team right from scratch, which was sent to China, the US and the UK to understand how each of the several e-commerce models from those countries worked and were applicable to India. Global teams continue to guide HUL in stepping up its capabilities in this space.

"Basically, we are participating in a larger ecosystem. It is a very synergistic relationship. We will win, provided we learn everything Unilever has got, and when we win, Unilever wins," sums up Balaji. **BW**

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**The Role of IT**  
 To win in India, you need to immerse yourself in the details. The strategy has to be simple and the execution has to be granular, which means technology will have to kick in. At present, we have 14 consumer clusters that we operate in. As the market landscape and consumer conversations become complex, analytics will need to play a more active role. Without compromising consumer privacy, we will have to get to the next level of consumer data and create broad, actionable insights. This will also have an impact on the supply chain and other functions within the company to provide customised solutions. Therefore, technology will have a role to play across the value chain. The journey from mass marketing to massive customisation will not be top down, but ground up.”

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