

## FMCG companies like PepsiCo, P&G follow in startup's footsteps on incentive front

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Fast-moving consumer goods companies have started giving their best employees the kind of extraordinary incentives that startups have come to be known for after a gap of almost two years, during which it seemed only ecommerce firms were being generous in their efforts to retain talent.

PepsiCo for instance is sending four young performers to Cannes on an all-expenses paid trip in June, while Procter & Gamble has doubled the number of employees eligible for global stock options most of them middle-rung leaders.

"The mid-level in consumer-facing companies specially had come under pressure since the ratio of revenue to reward had slipped at a time when startups were burning cash for valuations and not profits," said search firm Witthaus Management Consulting managing director Rahul Nene. "But the exodus to startups seems to be on the maturity-to-decline curve. At the same time, action for falling short of targets is being relaxed by FMCG firms."

Jubilant FoodWorks, franchise rights holder for Domino's Pizza and Dunkin' Donuts in India, has now started quarterly spot and chairman's awards for employees that include overseas trips and go beyond traditional solutions such as salary increments and incentives, said Biplop Banerjee, executive vice president for human resources. The company's annual awards cover 22,000 employees in 30 different categories. It has extended maternity leave to 26 weeks from 12 and implemented concepts such as celebratory leave, say for an employee's own birthday or that of a family member.

Recruitment agencies say FMCG firms, which had been losing talent in the middle and senior levels, are aggressively trying to keep people with the sector doing much better than it was in the past few years. "Over the last four to five years, the consumer space was not doing as well as it is now," said Sunit Mehra, managing partner at Hunt Partners. "This year has been better than previous years and we see this translating into good number of bonuses and even stock options."

Reckitt Benckiser, maker of Dettol soap, has started an annual bonus programme for junior-level employees that could see them earning an extra 40% of their salary, said regional human resources director Udayan Dutt. For top management, the maximum

bonus is now one and a half times their fixed salary. NestleBSE -0.92 % has discarded the bell curve for appraisals and has gone in for year-round performance ratings, handing out incentives based on that. Search firms say the trend stems from a combination of ecommerce hiring losing traction and FMCG firms wanting to hold on to people.

At PepsiCo, the plan to send four executives to Cannes is aimed at inculcating fresh thinking, innovation and entrepreneurship, said PepsiCo's vice-president of human resources Suchitra Rajendra. "We want to encourage younger leaders to take on the role of game changers," she said.

For Nestle, which is emerging from a tough year after the ban and relaunch of Maggi noodles, recognition is being given in daily and weekly reviews across factories and branches, including online recognition platforms.

Sonali Roychowdhury, the human resources head of P&G India, which makes Ariel detergent and Olay cream, said: "We have substituted annual CEO-nominated stock award programmes for top performing younger employees with guaranteed cash rewards independent of the stock market." Salary increments are not restricted to annual cycles and can be awarded at intervals of six to 11 months. Others like appliances maker Whirlpool has been taking top performers to places such as Bali and Switzerland.

From this year, families can accompany them, said Sarthak Raychaudhuri, vicepresident, human resources for Asia South. So far, 25 performers have been rewarded with all-expense-paid overseas trips.

In the fight with ecommerce companies to hold on to people belonging to a limited talent pool, many traditional organisations have gone beyond typical cash bonuses and tax-saving incentives over the past year, said A Ramachandran, partner at headhunting firm EMA Partners.