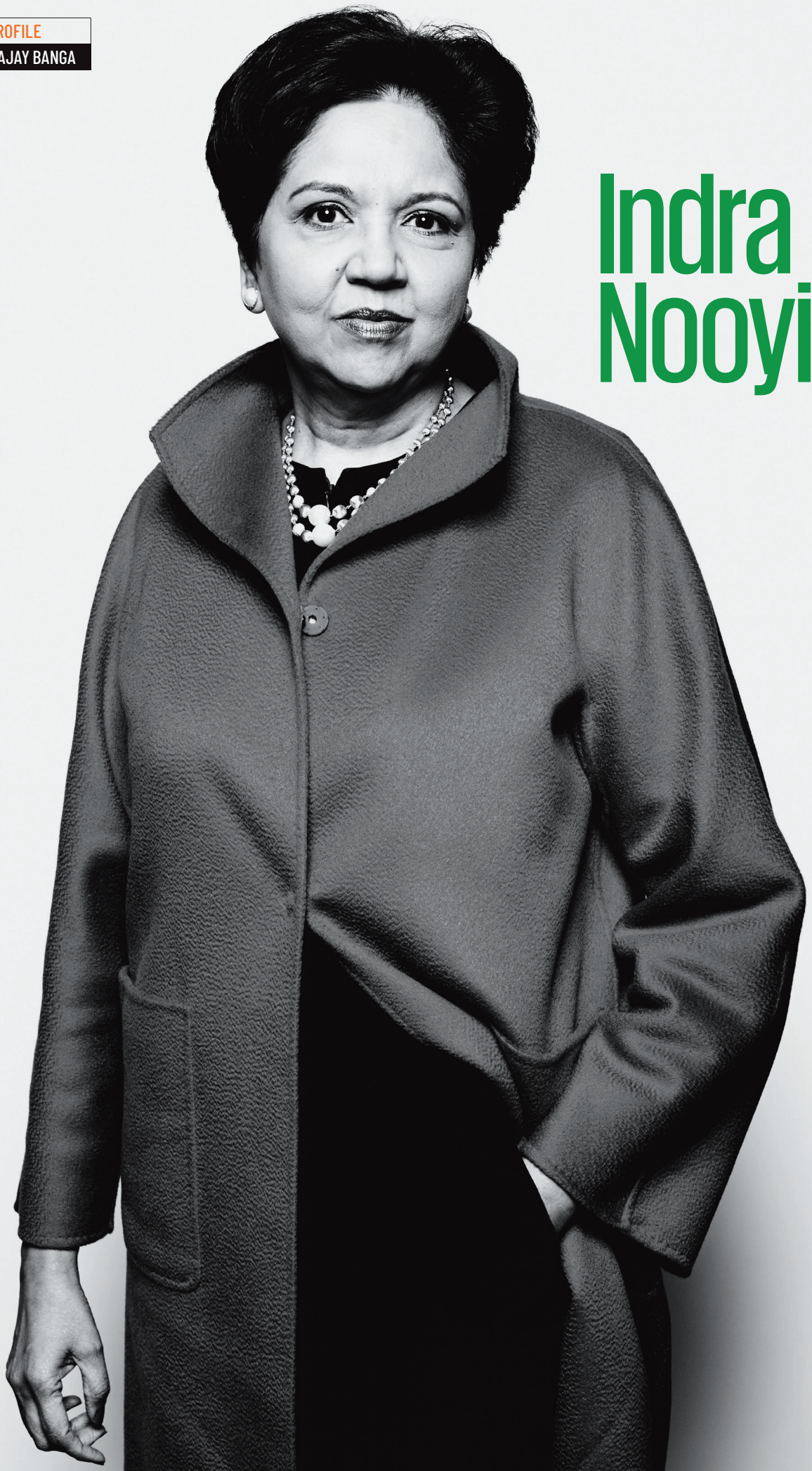


LEADER PROFILE

INDRA NOOYI & AJAY BANGA



Indra Nooyi &

PHOTOGRAPHS: LEFT, ERIK TANNER; RIGHT, GUERIN BLASK/THE NEW YORK TIMES/REDUX



Ajay Banga

The former CEO of Mastercard interviews the former CEO of PepsiCo about the challenges of social purpose in the US, India and around the world.

INDRA NOOYI, FORMER CHAIRPERSON AND CEO of PepsiCo, is working on what she calls her “moonshot” project: to create an expectation of consistent care for employees, particularly women, throughout the world, recognizing the pressures of a changing society and nurturing the best possible workforce.

That effort, ambitious as it is, is only the latest case of Nooyi confronting the challenges of reshaping corporate leadership. Her recent memoir, *My Life in Full: Work, Family, and Our Future*, details the pressures she felt as a woman, mother and global corporate head, and how she drew on her own background to help her company improve its relationships with communities and the environment.

Nishant Pandey, CEO of the American India Foundation (AIF), recently hosted a Q&A in which Ajay Banga, the retired CEO of Mastercard, interviewed Nooyi about the challenges of social purpose facing leaders around the world. Both former CEOs grew up and were educated in India before establishing international careers in the corporate world. Both have received among the highest civilian honors from the President of India, Nooyi the Padma Bhushan and Banga the Padma Shri. The two are long-time friends.

Nooyi led PepsiCo from 2006 through the fall of 2018, remaining as Chairman until January 2019, modernizing global operations and strategy in the face of rising scrutiny of major corporations’ relationship with the environment and the community. She is now a member of the board of Amazon, the supervisory board of Philips, a member of the American Academy of Arts and Sciences and an independent director of the International Cricket Council. She also sits on the Dean’s Advisory Council at MIT’s School of Engineering. In her leadership roles, she has been an outspoken supporter of the advancement of women and minorities in the workplace.

Banga remains Executive Chairman at Mastercard, having served 11 years as the company’s President and CEO. He co-founded the Cyber Readiness Institute, and is Chairman of the International Chambers of Commerce. He is also a trustee of the United States Council for International Business, a founding trustee of the US-India Strategic Partnership Forum, and a member of the US-India CEO forum. He served as a member of President Obama’s commission on enhancing national cybersecurity.

The American India Foundation (AIF), a leading nonprofit with offices across the US and India, is committed to improving the lives of India’s

underprivileged women, children and youth and building a lasting bridge between the world’s two largest democracies. In this edited transcript, we get a glimpse of the realities regarding social concerns as seen through the eyes of global corporate leadership. A commitment to progress, for these CEOs, has its roots in firsthand experience, both personal and professional.

AJAY BANGA: Indra, you set an example at PepsiCo with putting what some call compassionate capitalism ahead of everything you did. I would think that there must have been pressure to not do that?

INDRA NOOYI: I would come to work every day saying, “Why does a company exist?”

People would say it creates shareholder value. How does it create shareholder value? Is it doing it in a way that ensures its longevity? Is it doing it in a way that could be beneficial to society?

As I looked at PepsiCo, clearly the company was built for a different time. And as times were changing, I felt we had to change the company. We had to have healthier products, because societies were becoming more sedentary. And we had to worry about trends in consumer behavior; about all the plastic that was being put out into the oceans and landfills; about how much water we were consuming.

And more importantly, we had to worry about our employees. Because employees were struggling with balancing work and family, and they came to the office with all those burdens of what they had in their homes.

So I felt we had to create an environment at work where they could bring their whole self to work and feel like they were a part of a larger system.

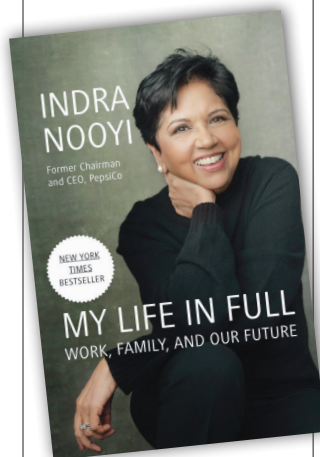
So to me, purpose was not about doing good for the sake of social responsibility. For me, performance and purpose was about future-proofing the company. All that I did was look at the future trends and say, “How do we change the company so it remains successful forever?”

It’s very easy to run a company for the duration of a CEO. Just hit the pedal to the metal, see how much earnings you can deliver through cutting costs, cutting investments. And then let somebody else pick up the debris after you.

I came at it differently. I said, “Look, my success is going to be judged by my successors. And so we have to take on this difficult job of changing PepsiCo.” It was a tough journey, I have to tell you—tougher than I even anticipated when I set out, but it was fulfilling, nonetheless.

“If you don’t translate your lived experiences into impact when you’re able to do it, what’s the point?”

INDRA NOOYI



You and I didn't know we would get 12 years in our jobs as CEO. But we still tried to find our way, to get that slightly longer-term vision rather than the short-term, medium-term vision. Was there somebody who inspired you to think like that, in your upbringing?

I grew up in Madras, which had no water. When you see a beverage plant on the outskirts of Chennai taking out water from the aquifers, you go, "Whoa, whoa, whoa, just a second! The town has no water for eating and drinking!" You can't take water out of the aquifers unless you do it in a very efficient way and then you help the town save water. So, our goal was look, you still need water to make our beverages, but first, reduce the water usage from two and a half liters to something like 1.5 or 1.4. And more importantly, teach the town to be water efficient. New ways of irrigating paddy fields so that you use less water. Build dams to do rainwater harvesting. Think about new ways to create water collection devices. So we brought all of our technologies to help towns save water.

Our goal was not just our plant. Our communities had to be water positive. So we kept working community by community. At the end of the day, if you don't translate your lived experiences into impact when you're able to do it, what's the point? I honestly believed that the model code of our lives and our livelihoods had to come together within the letter of the law. So that's what we were trying to do.

You jokingly said, in your book, "I'm glad I'm not a CEO today." Give me a little bit of insight into that part of what you were thinking.

The CEO today has to be a diplomat, a foreign policy expert, a sociologist, understand all the social trends, has to be great at running the company, has to go from a world that was flat and global to a world that's got walls. Everything about what we had 15 to 20 years ago is being turned on its head.

Companies can't change overnight, all the supply chains and partnerships and alliances. Markets are tough on companies. They don't understand that when strategies have to change so radically, financials are impacted.

So CEOs have to somehow straddle all this and figure out how to stay in the geopolitics, but not stay in the geopolitics, you know? Worry about the foreign policy of their country of domicile, yet be divorced from it. And how do you bring action on big issues related to society? I had my share of these challenges, but for CEOs now it's in spades.

"Has anybody stopped and said, 'Who is going to do those jobs?' Society cannot function without large numbers of women in the workforce."

Do you feel companies have made progress on issues of women in the workplace? Yours did, mine did. But it doesn't feel like we have moved the needle enough yet.

We both have daughters, so it will be useful for us both to level set. Women are the ones who become high school valedictorian—70% of high school valedictorians are women. Women are getting 10 points more college degrees than men. In STEM disciplines, women have a GPA one whole point higher than men. Women are getting 55% of the professional degrees. At MIT, 47% of the engineering graduates are women. At Cal Tech and Georgia Tech, 37% are women.

When we give birth to a daughter, we don't say, "I just gave birth to a lifelong unpaid laborer." You have two daughters, I have two daughters. We treasure our daughters. We want them to soar. We want them to be whatever they want to be. Yet, many, many families in India here, they say, "lifelong unpaid laborer"—thankless, unpaid, abused many times, vilified. I mean, it's just not right. I think that whole narrative has to change. We have to look at women as a major contributor to the economy.

Let me add a third dimension. As I look at the future with the aging population, look at all the caregiving jobs, nursing, teaching. If women don't come into the paid workforce in large numbers, who is going to do those jobs? Has anybody stopped and said, "Who is going to do those jobs?" Society cannot function without large numbers of women in the workforce. And it's high time we started to respect that. In caregiving in particular: During the pandemic, most of that work was being done by women. Those jobs aren't paid very much. And their work, the work they did for society, is not respected enough. At some point we've got to understand and value the work that's being done by women.

Do you have a couple of specific suggestions about what someone like you or I can do to be helpful in a space like this?

There is my moonshot project. It has three aspects: paid leave, flexibility and predictability in work and care. COVID has now made flexibility, hybrid work, a reality. Paid leave is still being debated. But if we don't have a care support structure for young family builders, I think it's not going to be easy for them to come back to the workforce.

And today we need them all back in the workforce. We need them all contributing to the economy, and for the economy to progress. We can't look at a world where two million women have left the

workforce, many of them because they don't have any care support.

I'm not talking about a federal mandate, I'm talking about states, in cooperation with companies, local alliances, local chambers, figuring out how to build the care infrastructure. That's something I want to start working on in Connecticut, which is already very good.

In India, the system that is supposed to have supplied care and maternal counseling and all of that in the rural areas has fallen into disrepute. What if we recreate it, take two or three communities and actually invest to build a system where the rural women don't give birth and drop their kids in a shaded area for one person to watch four or five toddlers, and then go to work in the fields? That's a tragic, tragic way for young children to be taken care of, at young ages of a few months old all the way to about five years old. I think it's just wrong. They need to be coached and guided by somebody who is capable of coaching and guiding them.

In the US, in my state of Connecticut, we are getting businesses, the state government, companies, chambers of commerce, communities, all to come together to have the conversation about care support for women. Every state has to sort it out for itself. Ajay, it needs a solution. And it's got to be done fast.

You faced a lot of pressure from various directions—investors, consumers, employees, regulators. How do you maintain a focus on progress in this area? What's the role of a CEO in catalyzing the company?

The first step is you've got to get the board on your side. I had a fantastic board, I've got to say. They understood what we were trying to do. They supported it and they provided the tailwinds.

I was determined that this was the journey. Nothing was going to take me off my path. Had I faced a lot of criticism and pushback—if the company really didn't want to change—I was willing to quit as CEO. I felt that this was the only way to run the company.

Can you talk about the role of communications as CEO? What I found is that you have to communicate, communicate, communicate—the same stuff a million times and not get tired of saying it. And in the simplest possible language so that your most junior employees can say, "OK, I get the North Star that she's taking us toward." How hard or how easy is that part of the job for you?

I think that's the job of the CEO, communicate, communicate, over-communicate. The only difference

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is that when I was doing it you had to go there and be physically present. So I was on the road a lot. One skill set that I would love for a lot of people to take in is oral communications—communicating in a way so that when you convey a message, people form a picture in their head. I think that's a compelling communications skill that everybody should invest in.

You can't go to a country having a water surplus and talk about water shortages. It doesn't resonate. You have to talk about issues relevant to them. If plastic is being dumped in their backyards, you have to talk to them about plastics and what you're going to do about that. It's really important you frame the message in the context of each country. And that was the most tricky part, because you had to resonate with the local people and the local governments and the local farmers and local everybody. The message was always tailored.

What's next? You're young. There are a ton of things you can do. You are fortunate enough to have achieved so much and fortunate enough, as you said often, to have made more money than you need for your lifetime.

I have to do whatever I can on this moonshot on care. It is going to make a difference to the lives of young family builders and women. I'm going to take that as far as I can, fund as many organizations as I can working in this area, maybe do some statewide experiments to see how I can help move this dialogue along.

While doing that, I have to make sure that my learning doesn't stop. Through board positions like Amazon and Philips, I'm learning more about what's happening in the current world of corporations. I teach up at West Point. I sit on the board of Memorial Sloan Kettering and MIT, so I have a front row seat to technology, healthcare changes. I'm in a life-long learning mode, Ajay. I'm just learning, soaking it all up. The day I feel like I'm tired I'll just say, "I'm tired." But right now, my brain is still running 100 miles an hour.

NISHANT PANDEY: Thank you Indra and Ajay! We have lots and lots of questions from our audience. This one is for Indra: "What was your dream as a young woman when you were at college in Madras?"

IN: Just to graduate. I was 15 when I went to college and I just wanted to graduate with my physics and chemistry degree. I was busy studying and just keeping my head above water. And then after that, making sure my mother didn't threaten to get me

married off at the age of 18. There were no hopes or dreams or aspirations, I would just take it as it came, year by year by year. My dream was just that.

AB: One interesting thing, Nishant, in Indra's book, she gives a description of how she had to go around catching cockroaches for the dissection lab. I tried to visualize that part of Indra. And I couldn't figure that one out.

IN: That was in high school, because there was no supply in those days. You had to find your own cockroaches, your own frogs, everything. Put it in the chloroform, you put it in the bottle, take it in, and you do your dissection. If you didn't bring it in there was no animal for you to dissect, so ...

I am from the south of India, I am from Madras, where the only language spoken was math and science. If you didn't get a degree in math and science, or related to math and science, you were a loser.

Colleges then didn't have enough seats for women. At MCC, I think there were 10 girls in my chemistry class, just because only 10 girls could sit in the first row.

Now I went back to MCC and I rebuilt all the chemistry labs, physics labs, zoology, botany, all these labs. They look fantastic. And I rebuilt the women's lounge because half the class is women. I felt I owed everybody the duty of paying it back. Now, MCC admissions have gone up 40%. Admissions from women, which were already high, have gone up even more.

NP: Fascinating! At AIF, we focus a lot on STEM education for girls. They will relate a lot to Indra's experience. Here's an interesting next question for Indra. "Your book calls for government and businesses to prioritize the care ecosystem,

"Ajay, it needs a solution. And it's got to be done fast."

including paid leave and work flexibility. What would these benefits have meant to you throughout your journey?"

IN: I was lucky to have them. Had I not had them, I would have been in crisis. When my father was ill, I was given paid leave by Boston Consulting Group. When I had my children, I had maternity leave. When I was in a car accident, I was given paid leave. Most of the time I lived in a multi-generational home, so I had a support structure from my in-laws and my mother. That helped. Not all people have that benefit.

The only good thing about COVID is that it's now taught businesses and families how to work flexibly and work hybrid. I wish I had had that flexibility when I was working, because I'd have gone home at 3, taken my kids off the bus, spent some time with them, and then gone back to work around 5 or 6 or maybe after dinner. I didn't have that luxury at all. And I had to travel a lot.

AB: Also Nishant, we need to remember that half of America's working population doesn't have the choice to work remotely, even now. They are the people who kept us going. From Amazon employees, to the police, firefighters, hospital attendants.

We're going to need different solutions for different kinds of folks. But the end goal has got to be the same. Give people the chance to get adequate access to childcare. Whatever be that model of work we go back to, we've got to help them.

NP: We can take one more. This is for both of you. Is there anything you would tell your younger self?

IN: What would you tell your younger self, Ajay?

AB: I would say I'm still young, Indra. [Laughter]

IN: You know, I wish I'd been born today with all this technology around. If I was gone for 10 days, for every one of the 10 days I would write letters beforehand for each of the kids. "Today I'm in Beijing. Beijing is this way." I made it up. So that if I'm in Beijing, they will be given the Beijing letter. If I'm in Bangkok, they'll be given the Bangkok letter. Today, I can just FaceTime them from Beijing and say, "Look at the Great Wall, look at this and look at that."

But there's no point regretting it. Somebody else is going to benefit from the technology. So I guess that's what I would tell my younger self. Just be happy you did what you did and live the rest of your time in a constructive way.

NP: Thank you, Indra and Ajay, for your time and for sharing your wisdom and experience with us in an open and honest conversation. ♦

GLOBAL VISION FOR INDIA

As CEO of the American India Foundation, **NISHANT PANDEY** leads a global effort to catalyze social and economic change across India, in part by building a lasting bridge between the United States and India through high-impact interventions in education, livelihoods, public health and leadership development. With the aim to help create an India free from poverty, AIF has impacted 8.4 million lives across 26 states of India.



At the same time that AIF seeks to tackle long-term development challenges for India's underprivileged, it is hyperfocused on new and sudden threats like COVID, for which AIF has helped supply food, protective

equipment and vaccination. It is donor funded, and its website, AIF.org, tells how donations can be made. As a British Chevening scholar, Pandey acquired his Master's in International Development & Finance from the University of Leicester, UK, among other degrees he holds. Before AIF, Pandey worked as a banker, then held several top roles at Oxfam, including as its Country Director for the Occupied Palestinian Territory and Israel.