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**Sent:** Monday, August 22, 2016 9:44 AM  
**Subject:** Week 142 learning's- The Importance of QUALITY in everything we do.

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Dear Friend and Colleague,

[REDACTED]

PepsiCo has always held that we should be proud of the brands we sell. My weekly note is about the pride in our quality.

We see good quality and bad quality all around us. The American car industry lost share every year till they addressed quality. American airlines lose share every year to eastern airlines who beat them on quality of service. Some telecom network operators lose business because of missed calls and poor data transmission quality in India. Durable brands lose franchise because of poor service. The writing is on the wall if a company delivers poor quality.

I want to give you my learnings about Consumer delivered Quality based on experiences in PepsiCo and in my career.

1. India is a middle class economy and in some pundits view, a poor country. However, its consumers expect rich quality for the price
2. they pay for every good or service.
2. Indian consumers are not used to good service and get surprised by good service
3. Indian consumers complain more than any other country at a global level.
4. Indian consumers tend to write to the highest official in the country to seek justice because they feel that people in middle management and lower management do not take consumer satisfaction seriously.
5. Indian consumers are impatient.

We have progressed significantly in consumer delivered quality over the last eighteen months.

1. We have built definite product superiority over the year in Pepsi, Lays, Tropicana, Kurkure, and Oats.
2. Our Quality parameter delivery has improved over the last eighteen months from every factory.
3. Our efficiencies are better than before in every factory.

4. Our consumer complaints are dropping
5. Our response to consumer complaints is far better and we are closing all consumer queries and issues within the targeted time.
6. Our packaging quality has improved over the last two years.

While this progress is good, it does not guarantee a fool proof delivery every day, with every bottle, in every outlet.

I say this because we have had a few cases in the past where we haven't taken the consumer delivered promise as a daily living value.

Consumer delivered quality is experienced in totality by the consumer. I would expect that anyone who is in touch with the consumer/customer has a basic duty to ensure that he or she is constantly checking for quality feedback and signalling that in the system very quickly. There is no hierarchy in reporting consumer delivered quality. If something is wrong, please raise the red flag, wherever you are in the system. Without quality we will not have consumers, without consumers we will not have a brand or a business. I came across a recent example where everyone was talking about the issue but no one took charge to resolve it.

A consumer focused company is one where a shift engineer has the empowerment to stop a production run if he senses something amiss in quality, where a warehouse manager will not despatch water affected cartons, or old stocks, where a sales manager will use good quality as a sales tool and all functions will not use 'perceived poor quality' as an alibi for poor sales. So, everyone in the value chain must show that concern in a positive way for the consumer.

I am sure that all the necessary checks are in place and all the data reads are correct. Sometimes, quality experiences are beyond quality data points and that's something we should all appreciate. Please do not get me wrong. I am confident of our processes but am asking for a higher empathy and urgency in dealing with consumer quality issues.

Quality is just not a product thing, it is also a culture issue. We have to display good quality in the interview process, in the closure process, and in the separation process. Upholding Quality standards in every function makes us a better and stronger company. When there is good quality present in the value chain, we do not need SLAs. Our word is enough !

Let's make our quality memorable in every way

Thanks

Wr,  
Shiv