

PepsiCo International worked with TMC to manage change and build a globally inclusive organization.

TMC worked with a highly collaborative team of internal inclusion practitioners, executive sponsors and two other external consulting partners, providing strategic consulting, subject matter expertise, a learning solution and workshops to help PepsiCo International build a globally inclusive organization.

The team was awarded an Excellence in Practice citation for *Building a Globally Inclusive Organization* from the American Society for Training & Development (ASTD).

The Challenge

PepsiCo International (PI) was created in 2003 in response to the global business environment, as well as changes in the talent and consumer markets. The company's key goal in managing change was to identify and enable synergies and leverage capabilities for competitive advantage. The project includes four business units spanning a vast tapestry of local, regional, and global brands in the snack, foods, and beverage markets.

Formal organizational surveys in 2004 indicated a shared value system for Diversity and Inclusion on a global managerial level. However, on a day-

to-day basis, individual managers were clearly not demonstrating support of these values. This all too familiar gap between beliefs and behavior needed to be closed if the organization was to accomplish its mission.

Project Scope

A cultural transformation project on a massive scale, the PepsiCo International Inclusion Project set out to leverage the “power of one” involving the entire global organization: 90,000 employees at all levels (from the CEO to hourly employees), in approximately 180 countries, 24 time zones, and over 40 primary languages.

It is PepsiCo's goal that every employee treats others with respect and fairness, demonstrating sensitivity to differences and appreciation for diverse perspectives and opinions. At more senior levels, it



is expected that managers and executives foster an inclusive work environment and one which helps people build a healthy balance between work and personal life.

Adapting Kotter's Change Model to Fit PepsiCo

Due to the significant complexity of the effort, TMC adapted John Kotter's 8-Step Change Model to create a strategy for building a globally inclusive and unifying organizational culture. The ultimate goal: enable business growth objectives, particularly market expansion, innovation, collaborative excellence and talent development.

The eight stages were simplified into a four phase Culture Change Roadmap which has guided the journey since 2004 including: local ownership and relevance, awareness, capability, and sustainment. Rather than pursuing a traditional, uniform, linear progression, the change process accommodated groups and locations at different stages and different cultures and local and regional leadership styles and communication.

In the first phase of the project, Local Ownership and Relevance, TMC conducted 'Chartering the Journey' workshops with regional, business unit senior leadership to create sponsorship buy-in and leadership teams to guide the change process.

In Phase II, individual awareness and acceptance of cognitive and emotional requirements for change were addressed in two 3-hour sessions.

For Phase III-Capability, TMC designed and delivered an Inclusive Leadership workshop to develop skills

that enable leaders at every level to build, advance and sustain an inclusive sphere of influence.

In the Sustainment Phase, Phase IV, TMC developed a variety of tools to help leaders further their practice and enhance their skills.

In parallel, TMC created and delivered a Diversity & Inclusion Practitioner Certification program to develop an internal cadre of PepsiCo International key business unit leaders who were then able to cascade the program to lower levels of the organization and drive the change process.

Internal business leaders representing each of the business units and geographic areas were certified to coach individual leaders, informally track organizational dynamics, assess current and desired state of organizational culture, identify specific opportunities and applications, and facilitate workout sessions and workshops.

Preliminary Results

While the process continues, initial results are very promising:

- Awareness and understanding of Diversity and Inclusion has grown with the biggest gains in perceived ownership by senior leaders. Every regional senior leader has completed TMC's "Chartering the D&I Journey" module.
- Diversity and Inclusion is a part of the future leader development program. Employees are measured on how well they achieved Diversity and Inclusion objectives, affecting their merit increase and bonus payout.



- Research shows employees have experienced growth in six key competencies related to inclusiveness. This can be attributed to behavior changes by key managers and an emphasis on Diversity and Inclusion throughout the organization.
- Representation of women at the executive levels has increased.
- Informal studies identify small operational successes in global, cross-functional teams, selection processes and innovation initiatives, etc.
- The worldwide organization has benefited from the use of shared vocabulary and reference points conveyed by the training components. Employees are increasingly more aware of biases/prejudices and how to deal with them in the business environment.

Lessons Learned

A task force of 25 business leaders representing PepsiCo regions and business units and outside consultants shared lessons learned, including:

- Managing change takes **time and patience**
- Being inclusive involves addressing **emotions** and may create **discomfort** at the beginning
- The more you raise **awareness**, the more you raise **expectations**
- Nothing will change without **commitment from leaders** and modeling inclusive behaviors
- Engaging and empowering organizations and operations at the local level to define the local relevance of inclusion is critical
- The desired change is “holographic;” for example, on a deep personal level, the individual needs to represent comprehensively the very transformation sought by the entire organization.
- Driving global cultural change has to take into account the specific cultural and management biases of an organization, such as an American culture focus. A key success factor is the ability to adequately “decode,” acknowledge and satisfactorily address the cultural bias and context associated with Diversity and Inclusion.
- Continued focus needs to be on tools, skills, and actions; however, the degree to which people are credibly and authentically implementing them is not easy to monitor. It takes personal commitment by individual leaders and informal influencers to keep inclusion a fresh and compelling focus of the organization. Regionally created D&I Councils are fundamental to maintain and further the agenda of building the inclusive culture.
- Investing and building an internal capability first is key to a global effort. In selecting a practitioner pool/team, it is critical to select leaders from within the various lines of business, not support functions. An informal global knowledge network through which experiences, lessons learned, and good practices can cross-pollinate the organization, is also key.

