

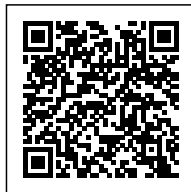
PEPSICO EUROPE: THE ACCIDENTAL COUNSEL

Posted on 26/04/2007



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The son of a Catalan father and an English mother, John Rigau, counsel for PepsiCo Europe, always wanted to work in a dynamic international business environment – he just wasn't sure whether he would find that as a lawyer, let alone as an in-house lawyer.

Hijo de padre catalán y madre inglesa, John Rigau, Consejero de PepsiCo Europe, siempre quiso trabajar en un ambiente dinámico de empresa internacional – aunque dudaba de si lo iba a hacer en calidad de abogado y menos como asesor jurídico de empresa. Tras realizar un MBA en IESE, fue tentado con una propuesta por parte de Baker & McKenzie, y posteriormente decidió que lo que realmente quería era trabajar en un ambiente más empresarial y de ámbito internacional. Se incorporó a PepsiCo tras su anuncio de fuerte inversión en España. Tras 15 años en la empresa, actualmente John ostenta el cargo de Vicepresidente jurídico para Europa Continental con diferentes equipos en París, Amsterdam, Varsovia y Barcelona.

Looking back at his career, perhaps a key experience, says John Rigau, Legal Vice President of PepsiCo Europe, was the year he spent on an ERASMUS exchange at Germany's Kiel University.

"The University had created a special programme, in English, which included a number of on-site training to corporate legal departments and lectures from in-house counsel from companies such as Unilever, BMW, and Volkswagen," he explains.

But despite enjoying the practical nature of the programme, and the emphasis on company legal departments, it did not at the time inspire him to consider an in-house legal career. "When I returned to Barcelona, I did two things: leave my CV at the Barcelona Bar, and apply to do an MBA at IESE—where I was accepted."

Nonetheless he postponed his MBA, for a job with Baker & McKenzie. "It was an international firm, and I thought I would be doing interesting work. Besides IESE said they would keep my place for two years, and I thought I would make a better MBA student with some work experience."

International

Two years later and still a lawyer, Rigau was reflecting on the wisdom of his choice. It was a colleague that pointed him to an advertisement for a position at PepsiCo, that made him reconsider life as an in-house lawyer. "But I didn't think I would get the job, they were looking for someone with more international experience, and to be based in PepsiCo's UK legal headquarters.

"Two weeks later however, he was meeting PepsiCo's EMEA General Counsel in Madrid. "I tried to persuade him that the position should be based in Barcelona, to decentralise the legal function and place it closer to the business."

Around this time, 1992, PepsiCo had announced big investments in Spain, intending to develop its Pizza Hut and KFC businesses and buy out its local Pepsi-Cola bottler and the KAS beverages business.

His business acumen prevailed, and Rigau was offered the job of PepsiCo's General Counsel in Spain. A condition however of taking the role was to spend time with PepsiCo in Mexico, with Pizza Hut in Wichita, Kansas, and in PepsiCo's Worldwide head office in Purchase, New York.

"It was a really big challenge. PepsiCo had no legal function in Spain, and if I was to build one I had to understand how the company and the law department worked. So I accepted, and was away for five months." He enjoyed the experience. "I learned so much that I would have paid money to do it," he jokes.

Closer to the business

Until this time, PepsiCo's legal function had focused predominantly on the US. The company's expansion across Europe however, demanded a more localised approach. Rigau was subsequently based at PepsiCo's snacks business at Matutano, reporting directly to the Londonbased General Counsel EMEA.

"Until then, PepsiCo's New York or London-based lawyers would travel to the various European businesses, but predominantly outsource regional work to local law firms. In Spain, this was Garrigues who did practically everything."

The first three years of his role therefore was predominantly focused on reducing PepsiCo's Spain external legal spend, taking on as much work as could be done in-house. "I remember I had a chart recording the spend, which began at 1989, and from where the curve kept going down – so I could see the progress I was making," he says.

Soon though he was able to recruit a second lawyer to focus on marketing and intellectual property (IP) matters, and who remains with PepsiCo today.

By 1995 Rigau's role had expanded to include PepsiCo's restaurant businesses, Pizza Hut and KFC, becoming counsel for its operations in South Europe and Northern Africa until its divestment from PepsiCo in 1998. "I had great fun working with the restaurant team dealing with franchisees and real estate transactions." Subsequently he was appointed counsel for Frito-Lay South Europe – with additional responsibility for Portugal, Greece and Cyprus – and then counsel Frito-Lay Western Europe, with a remit that also included Holland, Belgium and France.

Multicultural

The restructuring of PepsiCo's snack, beverage and juice businesses in 2004 saw the formation of PepsiCo Europe, which now encompasses all its continental European operations, and of which Rigau is now Legal Vice President, and member of the Regional Executive Committee together with the business units General Managers and European functional Vice Presidents.

A result is that the corporate legal team he leads is split into regional groups, located in Paris, Amsterdam, Warsaw and Barcelona, with oversight of PepsiCo's operations in each business unit.

This proximity he believes, enables his lawyers to have a better understanding of the operational aspects of PepsiCo's businesses. "Sitting close to the client, you have the same interests, you understand the business, and speak the same language."

While he enjoys the multicultural environment, he nonetheless admits that it can present challenges. "Each of the lawyers has different experience and expertise, and all the markets are different. But that is also the fun. Managing different teams, and professionals, with different skills and putting them all together in one team with the same vision, culture and values"

PepsiCo he explains has an ethos of local empowerment built on trust, and knowing when to raise the flag. "My boss expects me to notify him when things need his attention, and I expect the same of my team. So the lawyers work with a lot of autonomy, as I do with PepsiCo Europe's headquarters in Geneva, and with New York."

Responsibility

While the past 15 years have seen Rigau's role change to become more strategic, he is nonetheless keen to promote the generalist approach within his legal team. This he believes allows them to have better oversight of operations, which is important he believes if they are to add value to the business.

He is also eager to emphasise the motivational importance of career progression within the team. "It is important not to feel that just because you are a lawyer no one is helping you develop your career. As a fast-moving company, at PepsiCo we have great career development programs and no one limits the growth potential."

"I ask friends at companies to tell me how their reporting lines work. In a company like PepsiCo the legal function is a corporate function so we have direct reporting lines to the legal function and dotted line to business general managers, not the CFO or HR as is sometimes the case in Spanish companies."

Much of the work of Rigau's team extends now to preventative advice and compliance issues, and training in areas such as competition and antitrust, and employment. "PepsiCo is a very dynamic company, which encourages independence, but at the same time we have a very strong set of values, so people need to know where the lines need to be drawn, and how to respond if matters

cross them."

Pragmatic

While much of PepsiCo's legal needs are resolved in-house, Rigau is clear that when external counsel are instructed they must offer clear and pragmatic advice.

While PepsiCo has a list of preferred advisers, he insists that he is under no obligation to work with them. "A key thing for us is receiving business-oriented advice. I dislike getting a 10-page memorandum that is like a doctoral thesis, taking the time to read it, and then having to say 'so what?'"

However technically correct, or nicely presented such opinions might be, they often do little to help him make a decision, or offer guidance to client businesses, he says.

"It often doesn't help me do what needs to be done. In most cases we want to go somewhere, and don't want to be blocked. We want creative legal opinions that understand our business, otherwise they are useless."

Increasingly he puts his faith in individual lawyers, particularly at larger firms. "I have met some very good lawyers, in some firms, and some not as good."

In his experience he also notes a difference between the services offered between international and local firms. "Things are becoming more harmonised, but there remains a difference in terms of speed of reaction, responsiveness, and often the quality of the work."

Business partner

Although he has spent 15 years with PepsiCo, Rigau insists that not a day has gone by when he has been bored. "If you had asked me even 10 years ago what would have been my dream job, I would have said responsibility for PepsiCo Europe and a member of the executive team, although I imagined it was a role probably for an American."

