
Unilever Cooperates with Many Firms and Nonprofit Organizations to Implement Its Strategy While Creating a More Sustainable Environment

Unilever, a European-headquartered (in both the Netherlands and the United Kingdom) consumer products company, is committed to using a sustainable environment strategy while manufacturing its large array of food and beverage products. Historically, consumer products companies, especially those from Europe, have pursued the multidomestic strategy, needing to adapt their products to each country or region market. Accordingly, most have implemented their strategy using the worldwide geographic area structure. Many consumer product companies, such as Avon, have begun to use aspects of the worldwide product structure to become more efficient. This is also the case with Unilever. However, Unilever has continued to emphasize geographic areas, but it has done so using the transnational strategy while implementing the combination structure to meet local market responsiveness as well as global efficiency objectives. Moreover, its CEO, Paul Pullman, who took the job in 2009, has also suggested, “our purpose is to have a sustainable business model that is put at the service of the greater good.”

Accordingly, Unilever created a manifesto in 2010 called the Sustainable Living Plan. This plan calls for Unilever to double its sales at the same time that it cuts its environmental footprint in half by 2020. One goal embedded in this plan is to source all of the firm’s agricultural products in ways that “don’t degrade the Earth.” Unilever also has a campaign promising to improve the well-being of one billion people by “persuading them to wash their hands or brush their teeth, or by selling them food with less salt or fat.” It seeks to realize many of these goals through cooperative strategies with other profit-seeking organizations as well as nonprofit entities.

In 2010, for instance, Unilever signed a contract with Jacobs Engineering Group Inc. forming a global (overall corporate) alliance to facilitate the efficiency of Unilever’s capital improvement projects around the world. Unilever has 250 manufacturing sites and is expanding aggressively, especially in developing and emerging economies, to support its ambitious growth goals. Unilever expects emerging economies to drive 75 percent of its growth in the long term. The alliance with Jacobs Engineering will be managed out of Singapore and will provide engineering services for Unilever’s manufacturing facilities around the world. Both companies will “work as a team to insure their sustainable growth model,” implement cost reductions, and “drive co-innovation and implement the harmonization and cross-category standardization of designs.” The alliance will also work with supply chain team members to increase speed to market with designs that “reduce carbon, water, and waste footprints across its manufacturing sites.”

In alignment with marketing growth goals, Unilever has initiated the Unilever Nutrition Network. This organization has divided the world into six regions and focused on providing world-class nutrition and health innovation. Its goal is to generate ideas to facilitate sustainable product launches and improve existing products while strengthening their brand value. As part of this overall strategy, Unilever has used Salesforce’s Chatter technology in the implementation of its new social marketing platform. This technology allows local markets and distributors of Unilever products to share insights and best practices with the marketing team from Unilever to help drive its “crafting brands for life” strategy.

In a recent Sustainable Living Plan report, Unilever described how it is working with a number of nonprofit, nongovernment organizations (NGOs) to help address real issues, facilitate solutions for suppliers for improving sustainable living, and reach customers in society at large who need information to improve their sustainability approaches to life with better food security and poverty alleviation. Initiatives include partnering with the following NGOs: the Consumer Goods Forum; the World Business Council for Sustainable Development; the World Economic Forum; the Tropical Forest Alliance 2020; Refrigerants, Naturally; the Global Green Foundation Forum; and Zero Hunger Challenge and Scale-Up Nutrition initiatives supported by the United Nations.

Interestingly, Unilever no longer provides quarterly earnings guidance reports and suggests that this has allowed it to focus shareholders on its longer-term goals. Furthermore, since Pullman took over in 2009, Unilever has sustained its positive growth trajectory with better income performance and associated stock market performance. As can be seen, it is accomplishing these things through better organizational design, lofty objectives, but also by using a number of cooperative strategies with many organizations outside the organization, such as Jacobs Engineering and many NGOs.

Case Discussion Questions

1. Why have consumer product companies headquartered in Europe historically used the multidomestic strategy? In your view, is this an effective choice of international strategy for these firms? Why or why not?
2. To implement its “sustainable business model,” what types of strategies is Unilever considering for use and why?
3. What organizational structure will Unilever need to use to reach its sustainability objectives?
4. What issues about organizational structure surface as a result of Unilever’s proposed strategies and objectives regarding sustainability?

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