

Week 1 - Introduction

Video: Conversations with Unilever

- Make sustainable living commonplace
- Unilever Sustainable Living Plan (USLP) – time-bound set of goals
- Goals – grow business, ↓ environmental footprint, ↓ poverty
- Take megatrends into account

Video: Megatrends

- Challenge – understanding changes and their potential impact on businesses and societies
- Megatrend – a large transformative process with global reach, broad scope and a fundamental and dramatic impact
 - Impactful technology
 - Evolving communities
 - Rapid urbanisation
 - Empowering individuals
 - Economic powershift
 - Resource security

Reading: Unilever's New Global Strategy: Competing through Sustainability

- 2014 – 2.9% sales growth (lowest in a decade), just 2.1% in final quarter, was still outperforming competitors ← ↓ growth in developed world, ↓ demand in emerging markets
- Founding belief – a business would prosper only if it operated ethically and responsibly, “doing well by doing good”
- 2008 – GFC, stock price ↓ 35%
- 2009 – new CEO (Polman)
 - Froze salaries
 - Cut overseas travel
 - Management shake-up – replaces CFO, CMO, Global Head of Foods, Home and Personal Care
 - Within a year had changed 1/3 of top 100 executives
- Compass Vision – aimed to double the size of the business, ↓ environmental footprint, ↑ positive social impact
- 2010 – Unilever Sustainable Living Plan (USLP)
 - The initiative hadn't been fully embraced by some parts of the organisation
 - Significant upfront investments required, benefits only gained in long-term
 - 3 goals for 2020
 1. Help 1 billion people improve their health and well-being
 2. Halve the environmental footprint of making and using Unilever products

3. Enhance the livelihoods of those in its value chain
 - Expanded into 7 pillars (commitments), further broken down into 50+ specific measurable targets
 - High risk, ambitious
 - Concern about share price due to lack of profit-based goals
 - Biggest challenge = surviving the transition
 - End 2013 – only 5 of 50+ targets were regarded as being “off-target”, 2 were of particular concern...
 - GHG emissions – GHG footprint per consumer use ↑ 5% (over the previous 2 years)
 - Water usage – water impact ↑ 15% (over the previous 2 years)
 - Management understood that much bigger initiatives were needed to meet these targets
 - Continuous adaptation, adjustment, learning
- To achieve goals – used its scale, influence and resources to bring about a market transformation and engage other companies to take broader responsibility
 - Deforestation = 1st target for transformational change
 - Chosen because Unilever was a major buyer of palm oil (key driver of the problem)
 - Unilever’s commitment – source 100% of its palm oil from certified and traceable sources by 2020
 - Also committed to lead worldwide efforts to eliminate deforestation by working with governments, NGOs and others in the industry
 - Sustainable agriculture – offered training and funds to grow sustainable tea, cocoa, sugar, other crops
 - Improving health and hygiene
- 2014 – subjected all Unilever products to an analysis to determine...
 - Their growth rate and profitability
 - If they had contributed measurably to USLP objectives
- 2015 – analysis complete, now had evidence that integrating sustainability into its business strategy was ↑ growth, ↓ costs, ↑ business resilience
- Continued to grow ahead of slowing markets worldwide
- Despite gaining share by growing faster than its markets, Unilever’s underlying sales growth rate ↓ from 6.9% in 2012 to 4.3% in 2013 and just 2.9% in 2014 (due to foreign exchange impact 2014 revenues were actually down 2.7% from 2013)

Lecture

Wicked problems – complex social and policy problems, highly resistant to resolution

- In many ways are products of megatrends
- Water and food shortages
- Youth unemployment
- Population growth