

Case Study: Unilever Brazil

Revenues Rise with Culture Management

August 2010

Industry

Consumer Goods

of Employees

10001+ Employees

Revenue

3 Billion Euro

Country

Brazil

THE SITUATION

Unilever Brazil has an incredible legacy, built over eighty years. However, in 2004-05, after decades of strong growth, revenues slowed and the business was in need of renewal.

In early 2008, Kees Kruythoff, the newly appointed Chairman, along with the Unilever Brazil Board, launched a transformational effort to reignite growth. They recognised a need to not only address strategic challenges and manage operations, but to address the organisational culture as well. They started to dream about what “greater than great” would look like. They asked themselves, “In 2012, what would the legacy be for leading the business forward?” Accelerating growth was important, of course, but they also wanted to know how to bring “the heart” into the dream. They had five big thoughts:

1. Accelerate growth
2. Profit out of scale
3. Build sustainable transformation in society
4. Identify capabilities needed to build the business
5. Take a “merged rivers” approach – like the two Amazonian rivers that merge after 7 kms of running side by side, cultural transformation and operations (Strategy, Key Performance Indicators etc) had to be managed in an integrated fashion - not either or, or even side by side, but together, simultaneously.

THE INITIAL FINDINGS

Rob Mallick, CTT Consultant, was brought in to guide Unilever Brazil in their cultural transformation. The initial Cultural Values Assessment, in early 2008, indicated that the culture was in very poor shape and would not support or enable the emergent ambitions. The findings:

- An entropy/dysfunction score of 37%.

- Only two matching values between the Current Culture and the Desired Culture. This is a reflection of the disparity between what people experience in their *existing* culture and what they *want* to experience.
- Out of the top ten values selected in the Current Culture, an overwhelming six values were potentially limiting - including bureaucracy, short-term focus, long hours, and caution.
- Entropy was over 30% for the three most senior levels of leadership.

THE STRATEGY

The way to tap into the potential of the organisation was through personal sharing, listening, and open dialogue. Rob Mallick shares more:

“Margaret Wheatley [writer and management consultant, specialising in organisational behaviour] talks about fields. I can’t touch it but I know what it is. What we’re doing is creating a field through making things truly personal. At the heart, we’re encouraging personal meaning. We’re reframing safety from something that people need to the idea that being vulnerable is something that people need. This is where growth happens. One of my favourite quotes, I’m not sure who it’s attributed to, is ‘To make meaning is human. To choose the meaning we make is to be leaders.’”

THE PROCESS

“Merging Rivers” – managing culture and Key Performance Indicators (KPIs)

- Maintain disciplined attention for 36 months.
- Apply Integral thinking; All Quadrants discipline in an intense six months.
- Settle on rituals: regular, consistent practices based on key espoused values, e.g. Quarterly Board and Executive Leadership Team Journeys. Identify where the organisation is on the Journey. Reconnect with team. Reconnect with Self.
- Craft integrative questions and formats, e.g., “How will we increase our resilience in anticipation of the difficulties we will inevitably experience in meeting our business targets?”

Facilitate cultural transformation

- Conduct Cultural Values Assessment every six months.
- Understand that the concept of a linear process can be outdated and ineffective. Truly dynamic work with cultures is very much in the moment and allows for emotional human dynamics.
- Practice role modelling: both leaders and consultants need to embrace the concepts and facilitate the process.

Leaders consciously create culture

- Make it deeply personal, e.g. Personal plans, checking to see if people feel good.
- Reframe needs, e.g. The desire for safety: teach about the need for vulnerability.
- Go deeply into crucible moments; reframe upsets as set ups, make meaning.

THE OUTCOME

By 2010, the transformation was well advanced and the benefits were becoming evident:

- Revenue grew by 3 percent in 2008, 7 percent in 2009 and into the double digits by the second quarter in 2010. Revenue growth was also driven by increases in market share, not price.
- Entropy, the degree of unproductive focus, fell from 37 percent to 19 percent, on schedule to achieve the target rate of 10 percent in 2012. Entropy in the top team fell from 31 percent to 8 percent.
- From a culture characterised by caution, short-term focus, internal competition, and consensus, people now experience a business with long term perspective, shared vision, teamwork, and a strong orientation toward customer satisfaction and the development of leaders.

WHERE TO FROM HERE

Unilever Brazil is in the middle of a profound transformation. Reducing entropy for one's self is tough enough. Facilitating the reduction of entropy for thousands of people is a big task! And like all transformations, it is a day-by-day proposition. As the junior managers in one department like to say, their job is to "catch entropy by the tail": Well said!