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 PRINTABLE VERSION

Sustainability In Practice: The Unilever Example

By Andrew Savitz and Karl Weber — August 1, 2006

One way to begin to develop a sustainability program is to examine your corporate strategy to identify the sweet spot: the place where your business interests and the interests of society overlap. Like General Electric's Ecomagination or Toyota's Prius, your business strategy and your approach to meeting society's needs must ultimately be one and the same, not two separate programs working in parallel.

If you take a close look at the specific strategic directions your department or company has chosen to pursue, you may find that there is already a recognizable sustainability component, an intersection between your business strategy and the interests of the wider world.

If not, the key to finding the sweet spot is simple: Always be on the lookout for the overlap between profit and the public good. That's where opportunities lie.

Consider the global strategy being pursued by Unilever, the \$48 billion consumer products corporation known for its food, home care and personal care products. As defined by the company's executive leaders, Unilever's current corporate strategy focuses on four top priorities for growth.

Developing And Emerging Markets

Why? Unilever estimates that 95 percent of the world's population increase between today and 2010 will occur in the developing world. With 35 percent of Unilever revenues already coming from the developing world, the region is one in which the company has a strong foothold that can be the basis for enormous growth in the years to come.

The Sweet Spot: In this case, identifying the sweet spot isn't difficult. Selling more products in the developing world would clearly be a win for Unilever. Those sales will not only provide immediate benefits in the form of increased revenues, but also help build a base of customer loyalty that should lead to sustained growth.

Increased sales in the developing world will also be a win for society, because anything that helps improve the standard of living for millions of the world's poorest people is clearly a socially responsible thing to do.

Unilever is one of many companies deeply engaged in figuring out

ABOUT THE AUTHOR

This week, Compliance Week finishes its three-part series of excerpts from *The Triple*

Bottom Line, a forthcoming book by Andrew Savitz and Karl Weber that examines corporate social responsibility: what it is, how it is helping to shape corporate governance today, and how companies can structure their own CSR programs for maximum benefit.

Savitz, formerly a lead partner in PricewaterhouseCoopers' sustainability practice, is widely considered an expert in the field. In *The Triple Bottom Line*, he and Weber detail the rise of sustainability within the business world, show how financial success increasingly goes hand-in-hand with social and environmental achievement, chronicle the real problems companies face with CSR, and offer pragmatic suggestions to help managers develop innovative solutions to sustainability issues. Weber is an accomplished freelance writer who has co-authored several business books.

The Series:

The three excerpts are as follows:

how to make their goods and services accessible and affordable to people living on less than \$2 a day. Even better, many of the business activities driven by this process also spur economic growth and provide opportunities for the poor.

Unilever has developed alternative forms of packaging and pricing designed to be suitable for developing-world customers such as single-use shampoo sachets and small, discount-priced bars of soap. These products can be purchased one at a time for just a few cents.

Unilever constantly surveys comparative economic conditions ... to make certain that its marketing approach fits local needs as closely as possible.

Personal Care

Why? This product category (soaps, deodorants, hair care products and the like) exhibits above-average rates of growth, is a relatively fragmented market, and is characterized by a strong personal connection between the consumer and his or her favorite products. All of this creates great opportunities for a company like Unilever with a strong portfolio of globally recognized and respected brands.

The Sweet Spot: Unilever has targeted personal care products as a growth opportunity. Because of the health benefits derived from the use of products like soap, shampoo, toothpaste, and detergent, the sweet spot here is fairly obvious: If Unilever can expand the use of its personal care products around the world, populations will live longer and healthier lives at the same time that Unilever will enjoy increased sales and profits.

Vitality Innovation (products for health benefits and increased energy)

Why? There is a worldwide trend toward growing consumer interest in the healthfulness of the products they use, which portends a continued shift toward such products (such as Lipton teas containing antioxidants) and away from products perceived as unhealthy.

The Sweet Spot: To occupy and expand this sweet spot, Unilever is partnering with such nongovernmental organizations as the London School of Hygiene and Tropical Medicine and the International Scientific Forum on Home Hygiene to develop programs that encourage better personal hygiene practices around the world. In India, Unilever has launched a program known as Swasthya Chetna (health awakening), which is working with teachers, community leaders and government agencies to educate 200 million people about basic health practices.

Winning With Customers

Why? Because Unilever's brand strength as well as its reach "across the store"—its presence in many aisles of the typical supermarket, drug store, and convenience store—give the company special shopper insight, creating opportunities for future sales growth.

The Sweet Spot: The company's fourth strategic key offers another

July 18: "Hitting the Sweet Spot."

An introduction to corporate social responsibility, with examples from Nike and General Electric showing why companies should undertake such efforts.

July 18: "Building A System To Report Sustainability."

A primer on what factors companies should track to measure their CSR efforts, and how to present them in accordance with the Global Reporting Initiative's guidelines.

Aug. 1: "Case Study: Unilever."

The tale of how Unilever, one of the largest consumer products companies in the world, came to embrace CSR and develop a reporting plan specific to its needs.


Oct. 12: Webcast With Savitz:

Compliance Week will follow up with author Andy Savitz in a Webcast on Oct. 12, where readers can submit questions directly to him about CSR and its implementation.

Disclaimer

[The Triple Bottom Line](#) will be published by John Wiley & Sons in September. Compliance Week has no formal relationship with John Wiley or the authors of the book, and Compliance Week has **not** received compensation in any form by excerpting this book; rather, the editors of Compliance Week made an editorial decision to do so. If you have any questions, please [contact the editor via email](#) or call us at 888-519-9200.

More On CSR

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 [Choosing The Right Leadership, Organization For CSR](#) (May 23, 2006)

 [Sustainability Reports Becoming Key To Risk Disclosure](#) (April 5, 2005)

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sustainability foothold. Unilever's "Project Shakti" is providing training in sales, marketing, and entrepreneurship to more than 13,000 women in India, giving them the skills they need to sell Unilever products to a potential market of 70 million rural customers. As of 2004, Shakti distributors were active in 50,000 villages covering 12 Indian states. These women were, on average, doubling their families' annual incomes through their efforts ... at the same time as they expanded Unilever's market penetration in India.

It's clear that Unilever's strategic growth targets offer enormous areas of overlap with their stakeholders' natural agenda for economic, social, or environmental prosperity.


Unilever illustrates the crucial principle of sustainability management: Start by examining your company's overall business strategy. What are the key strategic drivers of future growth that your company has already identified? What are the drivers in your part of the business? Then ask, where is the potential overlap between these drivers and the environmental, social, and economic needs of society or our current stakeholders? That overlap is your sweet spot—the greatest future source of gain for your company or department.

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