



Making it Collaborative

CASE # 12.10

PARTNERSHIP PORTFOLIO MANAGEMENT – A FRONTRUNNER EXAMPLE: UNILEVER

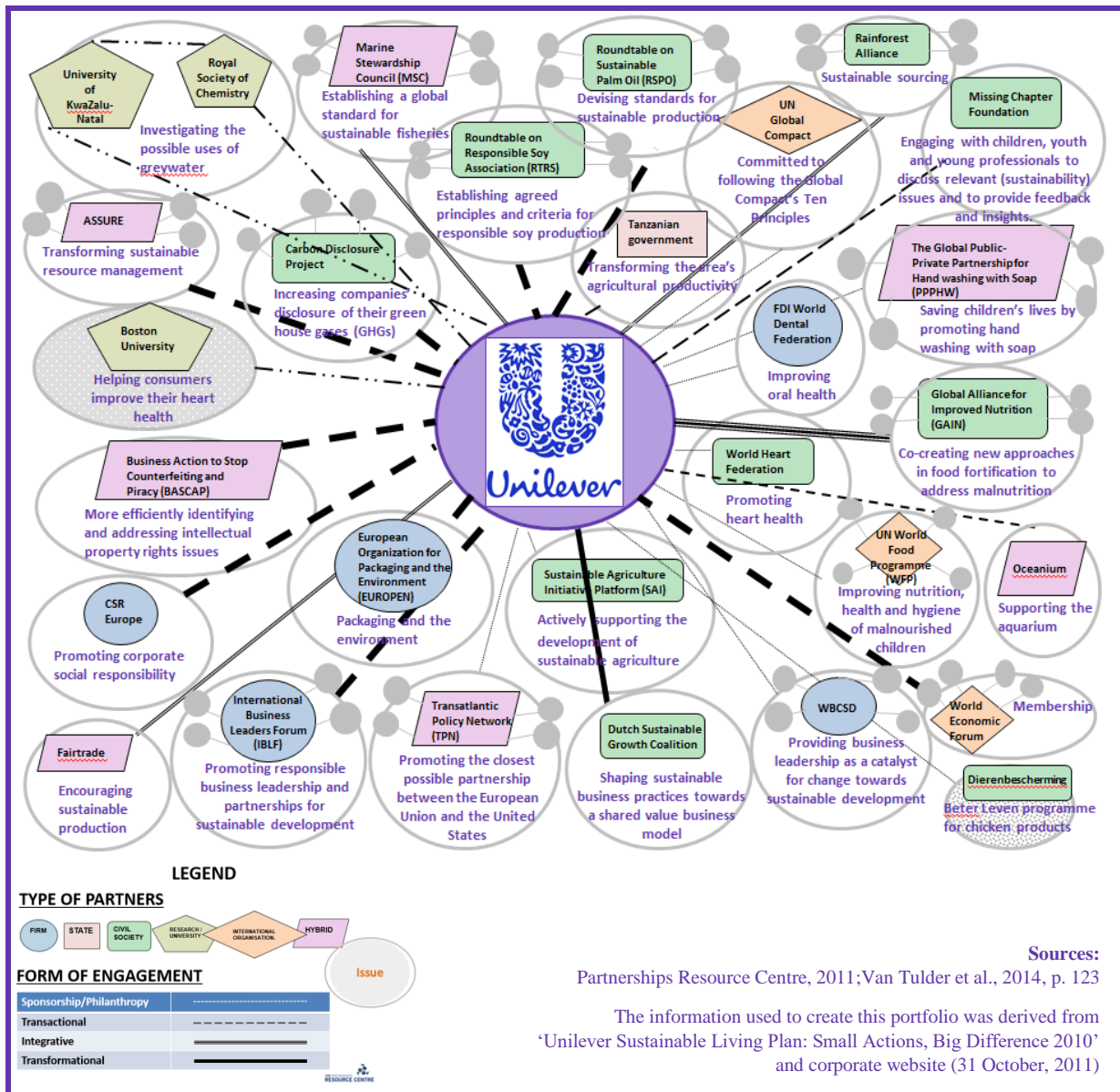
[Relating to Section 12.4.2 of the book – see footnote 13]

THE CASE

Creating and sustaining a strategic ‘cross-sector partnership’ (CSP) portfolio is known to be time-consuming. In practice, partnership portfolio management (PPM) is often not given the dedicated attention and time required to develop, implement and optimize sophisticated intervention strategies that help the organization in realizing its sustainability strategy – at the intended level of ambition. The relevance of a smartly managed CSP-portfolio can be illustrated by the example of Unilever, one of the world’s largest consumer goods companies in foods, cleaning agents, and beauty and personal care products. Unilever, a British-Dutch multinational presently headquartered in London, was one of the frontrunner companies in setting up cross-sector partnerships to manage its CSR ambitions. The launch of its ‘Sustainable Living Plan’ in 2010 signaled a fundamental change in the corporate strategy, from a relatively ‘loose’ (reactive) stakeholder engagement approach in the 1990s and early 2000s to a much more strategic and systematic approach. Unilever’s Sustainable Living Plan set out ambitious targets and commitments related to three key sustainability goals: (1) to help more than a billion people around the world to improve their health and wellbeing; (2) to halve the environmental impact of the making and use of the company’s products; and (3) to enhance the livelihoods of thousands of people in the company’s supply chains.

BUILDING (ON) PARTNERSHIPS

Partnerships became an integral part of company’s progressively active CSR approach. Although many of the partnerships were not yet selected based on a fully developed PPM approach, the consolidated (global) portfolio of Unilever’s partnerships already showed the following rough strategic characteristics as early as 2010 (see figure below).



From the above map, the following characteristics of Unilever's then partnership portfolio can be derived (see also section 12.4.1 and Figure 12.4 in the book):

- **Size:** the portfolio is rather extensive, implying the coverage of a broad scope of (salient) sustainability-related issues, as well as a considerable 'span of control' to be managed.
- **Diversity:** the consolidated portfolio is fairly diverse, with representatives from all societal sectors (governments, civil society, research/universities, international organizations, hybrids). In addition, many local partnering relationships were initiated due to the company's 'multi-domestic' nature at that time.
- **Value drivers:** of collaborative value creation relate to 'alignment drivers', 'engagement drivers' and 'leverage drivers' (see Table 12.1 in the book). A fair number of the mapped partnerships can be considered strategic (i.e. 'integrative' or 'transformational' in intent and set-up). Partnerships that classify as predominantly 'philanthropic' were mostly organized locally, while 'transactional' partnerships are linked to the company's marketing functions.

- *Strategic alignment*: many of the more transformational partnerships were also considered strategic by other parties, implying a sufficient degree of goal alignment.
- *Bandwagon effect*: in most areas where the company struck alliances, it set the pace and/or was one of the founding partners (rather than jumping on the bandwagon of other, already existing initiatives); this helped the company to stay in the lead.
- *CSP-portfolio fit with product portfolio* (level 1 – prime responsibilities): partnerships were struck for the company’s two main product portfolios: personal care products and food; the partnerships in care were more strategic, those in food were more ad-hoc, temporarily or sponsoring related.
- *CSP-portfolio fit with CSR issues and value chains* (levels 1 and 2 – minimizing negative externalities): a considerable number of partnerships pertained to key areas of contention, in which the company faced sustainability-related issues, both upstream (e.g. palm oil, sustainable sourcing, certification) and downstream (e.g. obesity, health, dental problems, nutrition).
- *CSP-portfolio fit with the corporate globalization strategy* (level 3 – creating and scaling positive externalities): in particular, the Marine Stewardship Council (MSC), the Roundtable on Sustainable Palm Oil (RSPO) and the Round Table on Responsible Soy (RTRS) have been instrumental in setting new industry standards, which helped Unilever improve its reputation and align more partners around these controversial areas.
- *CSP-portfolio fit* (level 4 – collective action): in the early stages of implementing the Sustainable Living Plan, several generic partnerships and alliances were struck, aimed at helping the company and its CEO to take a leading role in dialogues and negotiations with the United Nations on the SDGs. Examples include the UN Global Compact, the Dutch Sustainable Growth Coalition, and an active role in the WBSCD. The financial support for the Global Public-Private Partnership for Handwashing (PPPHW) – currently named ‘the Global Handwashing Partnership’ (GHP) – ultimately led to it becoming an explicit target under SDG6.

LINKING GENERIC AND SUSTAINABILITY STRATEGY

Certainly for a large multinational company like Unilever, strategizing the CSP-portfolio and optimizing their partnership portfolio management (PPM) not only implied that considerable capacity, time and funds needed to be dedicated, but also that the strategy would be strongly supported and conveyed by top-level management. The strategic build-up of the partnership portfolio was accompanied – and to a certain extent facilitated – by several drastic measures the company took in the same period: (a) a significant reduction of its brands around the world (from 1600 brands in 1999 spread across some 150 countries, to around 400 brands in 2021); (b) the active advancement of seven of Unilever’s top-ten brands – Dove, Knorr, Omo/Persil, Rexona/Sure, Lipton, Hellmann’s and Wall’s ice cream – as Sustainable Living Brands; (3) clearer coordination of all brands under the Unilever logo, linking the corporate identity with its global purpose-led ambition. By 2018, Unilever’s purpose-led Sustainable Living Brands grew 69% faster than the rest of the business, contributing to 75% of Unilever’s growth. The company now aims to make all its brands purpose-led by reducing their environmental footprint while increasing positive social impact.

LEADERSHIP AND RESILIENCE

Paul Polman, the then CEO of Unilever, not only became the architect of an extensive yet relatively focused PPM strategy as part of the Sustainable Living Plan, but also the main corporate protagonist of the SDG-agenda in the world. The early experience with PPM lent credibility to Unilever's proactive ambitions, in particular those in support of the SDGs. Studies on how the company fared throughout the 2010–2020 period (Cf. Smits, 2019) nonetheless show that this strategy did not exempt the company from considerable problems in actually managing this portfolio and sustaining its level 3 and 4 ambitions. A hostile takeover bid in 2018 rocked the publicly-listed company to its foundations – including some of its explicit sustainability ambitions. It has been argued by those directly involved (Polman and Winston, 2021) that the company survived this attack because of its established reputation in sustainability (i.e., beyond mere 'shareholder capitalism') and the support of its loyal stakeholders who were mobilized in an earlier phase through Unilever's network and partnering strategy.

CASE QUESTIONS

- **Strategy:** read the book '*Net Positive. How courageous companies thrive by giving more than they take*' by Paul Polman and Andrew Winston (2021), and then reflect on the history of Unilever as an example of either strategically well-planned PPM or PPM-by-accident. What factors can you identify that influenced this strategy: (a) leadership, (b) opportunities, (c) the country portfolio of the company, and (d) product portfolio?
- **Power:** consider Unilever's position in its various value chains and define the power base – in terms of 'resource base', 'strategic positioning', 'sphere of influence' – the company has had to not only create an extensive portfolio of partnerships but also influence them in a sustainable direction (see Chapter 10).
- **Leadership:** what leadership style can you attribute to Polman's interventions as a CEO of Unilever; to what extent have these interventions been successful and what, with hindsight, could Polman improve?
- **Strategizing:** compare Unilever's sustainability reports during the first 10 years of implementing its Sustainable Living Plan (2010–2020). What patterns can you distinguish in Partnership Portfolio Management (PPM) priorities over the years in terms of: (a) rethinking the portfolio's issue orientation, (b) strengthening its resilience and collaborative value, (c) intensifying and extensifying partnership relationships, (d) extending impact ambitions? (see Chapter 12, sections 12.4.1 and 12.4.2)
- **Sphere of influence:** under new leadership (Alain Jope) as of January 2019, Unilever has kept many of the partnerships, yet has also started to focus on several specific SDG-targets – such as 'living wage'. Can you design a strategy for the company to achieve a living wage, not only in its own operations (scope 1) around the globe, but also toward its supply chain – upstream as well as downstream (scope 2) – and towards broader communities in which it operates (scope 3)?

FURTHER READING

- Polman, P. & Winston, A. (2021). *Net Positive. How courageous companies thrive by giving more than they take*, Harvard Business Review Press.
- Smit, J. (2019). *Het grote gevecht – & het eenzame gelijk van Paul Polman*, Prometheus.
- Unilever (2010). Unilever Sustainable Living Plan. Small Actions. Big Difference. <https://assets.unilever.com/files/92ui5egz/production/9752ff2d82b8afabb507eb92c47b5dad795801d5.pdf/unilever-sustainable-living-plan.pdf>
- Unilever (2021). Unilever Sustainable Living Plan 2010 to 2020. Summary of 10 years' progress. March. <https://assets.unilever.com/files/92ui5egz/production/287881e6e4572af1bc2a1d3c97e3b4abd4e57ea1.pdf/USLP-summary-of-10-years-progress.pdf>.
- Van Tulder, R., Van Tilburg, R., Francken, M. & Da Rosa, A. (2014). *Managing the Transition to a Sustainable Enterprise. Lessons from frontrunner companies*. Abingdon, UK and New York, USA: Earthscan from Routledge.
- PrC (2011). *The State of Partnerships Report 2010. How the world's leading corporations are building up a portfolio of cross-sector partnerships*. Partnerships Resource Centre at Rotterdam School of Management, Erasmus University, https://repub.eur.nl/pub/77685/the_state_of_partnerships_report_2010_-_firms.pdf
- Mees-Buss, J., Welch, C. & Westney, E. (2019). 'What happened to the transnational? The emergence of the neo-global corporation', *Journal of international Business Studies*, vol 50(9): 1513–1543.