

Unilever names outsider as next chief

By David Jones and Mark Potter / Reuters

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LONDON: In a surprise move, Unilever on Thursday named an outsider, Paul Polman, as its next chief executive.

Polman is a veteran of Unilever's two biggest consumer goods rivals, Nestlé and Procter & Gamble. Shares of Unilever, whose performance has been sluggish, surged on news of the appointment.

Polman, who last year missed out on the top job at Nestlé, the world's biggest food group, becomes the first chief executive of Unilever to come from outside the company in its 78-year history. He will succeed Patrick Cescau in early 2009, the company said.

A 52-year-old Dutchman, Polman spent 26 years at Procter & Gamble before moving to Nestlé in 2006 as chief financial officer. But although seen as favorite for the top job there, he lost out to the head of Nestlé's Americas operations, Paul Bulcke.

Polman was popular with investors after injecting a personal style and greater transparency into Nestlé's dealings with its big shareholders and is highly regarded by analysts.

"Paul Polman is probably the best candidate in the world to become CEO of Unilever," said **James Amoroso**, an independent analyst. "With hindsight, he was probably the only logical choice."

In London, Unilever shares closed up 6.1 percent at £15.81 on a day when the FTSE 100 fell 2.5 percent. In Amsterdam, the company's shares rose 6.5 percent to close at €20.055.

"Mr. Polman has a reputation as having a highly positive influence on Nestle's stance towards investors," said Virginia Heeribout, an analyst at Natixis Securities.

Cescau, a Frenchman, became the first chief executive of Unilever in April 2005 when it swept away its dual-chairman structure and set out to transform the company, whose products include Sunsilk shampoo and Knorr soups, after its first ever profit warning in 2004.

Cescau cut jobs and sold low-growth businesses, but his success was thrown into question in July when the group reported that price increases intended to counter rising commodity prices had slowed sales growth in the second quarter, sending its shares tumbling.

Unilever this year began the process to replace Cescau, with Polman heading off internal candidates including Vindi Banga, who was the effective No. 2 to Cescau and was widely expected to get the top job.

Polman is expected to join Unilever in early October to work with Cescau before taking over in January.



Denis Balibouse/Reuters

Paul Polman spent 26 years at Procter & Gamble before moving to Nestlé in 2006. He will assume the top job at Unilever in January.

"Investors will warm to this decision, as Polman's shareholder friendliness has been proven during his short term as CFO of Nestlé," **Amoroso** said. "He is also an extremely open, honest and likeable personality."

When Polman lost out in a bid to succeed Peter Brabeck as chief executive of Nestlé, he moved to head its business for the Americas, a region where he had spent time with P&G before leading its West European business from 2001 to 2005.

As head of that P&G's West European unit, Polman changed the portfolio, mixing local products with global brands, and brought in a strategy from the headquarters in Cincinnati to open model stores to demonstrate new products to supermarket executives. West European sales nearly doubled in the four years to 2005.

With Polman's departure, Nestlé appointed new regional heads in the Americas and Europe. Luis Cantarell will move from his position as chief of Nestlé's European business to take over the Americas job effective immediately, and Laurent Freixe will succeed Cantarell, the company said.

Polman's appointment will reinforce Unilever's move to a more multicultural executive as he joins three Americans, two Indians, one Frenchman and one Zimbabwean in a team of eight headed by the nonexecutive chairman, Michael Treschow, who is Swedish.

"The cultural change, so necessary to sustaining this recovery story, should be enhanced by another outside senior executive," said Clive Black, an analyst for Shore Capital Group.

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