

Will putting a P&G man in charge work for Unilever?



10-Sep-08

Unilever's surprise appointment of former Procter & Gamble European boss Paul Polman as chief executive brings a new urgency to the Anglo-Dutch giant's attempts to catch up with its rivals.

The veteran marketer, who spent 25 years at Unilever's number one competitor P&G before joining Nestlé in 2005, will finally get the inside track on a company whose products he has been fighting against for his entire career.

The opportunities his experience affords him to strike back at the brands he once promoted seem enormous. But a Unilever spokesman insists that it is his experience in key markets and product categories, not insider knowledge, that makes him an ideal choice to run the company.

Polman takes over from chief executive Patrick Cescau in January 2009 after a three-month handover period beginning in October. Some believe his first task will be to convince financial markets that the company really has entered a new era of efficiency.

Under the One Unilever programme put in place by Cescau, the company has attempted to cut out management and manufacturing duplication and centralise decision-making. It has given greater global power to brand chiefs while diluting the influence of country managers in deciding how products are marketed.

It has also aimed to speed up the way innovations are brought to market. Some believe there is still plenty to do in making Unilever more efficient, so a big task will be continuing the changes put in place by Cescau.

"He'll need to drive through the One Unilever changes which are two-thirds completed. The culture change will go on for years," says Investec analyst Martin Deboo. He adds that there is still more room for cost cutting and simplifying Unilever's complex manufacturing base. And Polman will need to continue reshaping the company's portfolio and decide whether strong local brands – such as Marmite and Pot Noodle in the UK – fit into its global portfolio.

On one level, hiring Polman marks the first time an outsider has taken the top slot in the Anglo-Dutch company's 78-year history and could be seen as an admission that the training and staff development processes at Unilever are faulty and cannot provide the leaders of the future. However, a Unilever spokesman portrays Polman's appointment as a mark of the company's self-confidence, proof that its corporate culture can accommodate change and adapt to new situations.

But the new role may also require a change of attitude from Polman himself. Deboo says Polman could experience a degree of culture shock at Unilever. Another source adds that Polman will need to adapt to the Unilever approach to brand building, with its emphasis on emotive and hard-hitting advertising campaigns such as those for Dove and Lynx.

These contrast with P&G's ads, which drive home product benefits rather than focus on building brand image. Even so, as an experienced marketer, Polman should be seen as a brand builder. He now has a chance to work at a company seen as a powerhouse of branding and communications.

Polman's career is steeped in rivalry with Unilever. He was P&G's group president for Western Europe between 2001 and 2005, running the geographical region where Unilever is most under fire. Before that, he was president of global fabric care and between 1995 and 1998 he was managing director and vice-president of P&G UK. He announced his departure from P&G in 2005, which some believed reflected his feeling that he was unlikely to land the top job at the company.

When he resurfaced at Nestlé as finance director later that year, it was assumed he was being groomed to take over as chief executive. But he was passed over again and the job went to Americas boss Paul Bulcke. Polman then took over Bulcke's Americas beat, giving him more vital experience that would stand him in good stead to run Unilever. As the Unilever spokesman says: "He has worked in the same categories we are in, such as laundry and personal care, and has operated in the Americas. The one part of our business that is under par is Western Europe, so his experience there will be useful."

His Nestlé experience could also prove invaluable. Unilever is the world's number one in ice-cream against Nestlé's number two. At Nestlé, Polman was also chairman of Enterprises Maggi, the stock cube business that competes with Unilever's Knorr. He was also a director of Life Ventures, a Nestlé vehicle for developing products with functional health benefits, another key area of expansion for Unilever.

Described as affable and mild-mannered, those who know him say the 52-year-old Dutchman is a natural leader. According to marketing consultant **James Amoroso**: "He has always got time for people, and those who deal with him have the feeling that he is a friend. This is not phoney spin-doctoring; he genuinely takes the time to get to know people. He's charismatic and a great speaker; he can do a whole presentation without notes."

But **Amoroso** adds that Polman will be under pressure to take some tough decisions on disposals at Unilever. However, many think he is unlikely to split the company's household interests from food, although he will have to decide on acquisitions made with the funds raised from divestments.

Amoroso sees this as an opportunity to reshape Unilever's portfolio in line with its "Vitality" positioning. "He will need to run faster with the health and wellness baton and make those changes quickly. He will also need to avoid running too fast in the wrong direction, such as the *SlimFast* strategy," he says.

P&G has powered ahead of Unilever over the past five years through an aggressive acquisition strategy, and an efficient command and control structure that has enabled it to develop and launch new products more quickly than its rival.

Unilever feels it has at last started fighting back against P&G and that the One Unilever strategy has boosted its performance, speed and efficiency. The company is likely to experience considerable fall-out from the appointment of Polman, not least from those executives passed over for the top job, such as food and household brands chief Vindi Banga, regional boss Harish Manwani, finance director Jim Lawrence and Western Europe boss Doug Baillie.

But it will be a fascinating new episode in the soap wars to see how the company fares under a boss immersed in the culture of its main rival.

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