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## Unilever's Response to the Future of Work

On a sunny February morning in 2020, Nick Dalton, executive vice president HR business transformation at Unilever—a British-Dutch corporation with 2019 revenues of €52 billion—hurried through the streets of London to his office. As he stopped for a coffee in the atrium of the art deco building, he couldn't help but think about his upcoming meeting with company CEO, Alan Jope, and chief HR officer, Leena Nair. Founded in 1929, Unilever was one of the world's largest consumer goods companies, employing 155,000 people across more than 100 countries. "But the world is changing, and it is changing fast," Dalton thought. Artificial intelligence, machine learning, and automation would dramatically change the future of work in the next five years. Unilever needed to act swiftly.

In 2016, Dalton had launched Unilever's *Future of Work* initiative—an overarching plan to prepare the workforce for a digitalized and highly automated era. The plan focused on accelerating the speed of change within Unilever, reskilling staff through a culture of lifelong learning, and adopting flexible work practices. Despite success over the last three years, the program still faced significant challenges. Dalton reflected, "What we are trying to do in terms of the future of work is an integrated, almost systemic intervention. It's not a one-off initiative. The ideas in some way are quite easy. The issue is how you link them and implement them, particularly on a global scale." Since Unilever placed sustainability and positive social impact at the core of its strategy, the company was also determined to cushion the effects of new technologies on labor.

Taking a gulp of coffee, Dalton reflected on the program and its future. Had they done enough, or should they add more? Would this make Unilever better and its workforce better?

### Unilever Background and Context

#### *Company History*

The rich history of Unilever traced its roots back to the late 19<sup>th</sup> centuries and its origin in several English and Dutch family businesses manufacturing soap and margarine. After years of competition and merger talks, in 1929, the companies combined together to create Unilever in what was described as "one of the biggest industrial amalgamations in European history."<sup>1</sup> With the new structure, Unilever bought and processed more than a third of the world's commercial oils and fats and traded

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more products in more places than any other company in the world.<sup>2</sup> Ever since, Unilever has ranked among the world's largest consumer goods companies and among the most international.

After decades of growth, Unilever undertook a radical portfolio shift in the 1980s to divest most of its service and ancillary businesses, such as transport, packaging, and advertising. Instead, the business focused on detergents, foods, toiletries, and specialty chemicals through 80 strategic acquisitions from 1984 to 1988.<sup>3</sup> In an effort to optimize the portfolio mix, in 2001, the firm again launched a strategic review and reduced its product portfolio from 1,600 to 900 brands.<sup>4</sup> Unilever refocused on top brands within core market sectors and products that could propel growth in developing markets.<sup>5</sup>

### *Leading with Purpose and Connected for Growth*

In the following decade, the company made climate change adaption a strategic priority and launched the Unilever Sustainable Living Plan. In what was described by analysts as "one of the most ambitious sustainability plans ever created by an international corporation," Unilever sought to decouple growth from the firm's environmental impact. Perhaps surprisingly, Unilever's portfolio of sustainable living brands grew twice as fast as its other brands, representing half of the company's growth.<sup>6</sup> "Purpose" became important business driver, embedded into every level of the organization, as Unilever positioned itself as a global leader in sustainability. CEO Alan Jope reiterated the importance of purpose-led brands, "We will dispose of brands that we feel are not able to stand for something more important than just making your hair shiny, your skin soft, your clothes whiter, or your food tastier."<sup>7</sup>

In July 2016, Unilever rolled out a Connected 4 Growth (C4G) program that aimed to increase the company's penetration in fast-growing markets, advance its portfolio through acquisitions, and develop more channels through which to sell its products. (See **Exhibit 1.**) The company hoped C4G would deliver growth, increase profitability, and provide a strong foundation for the future.<sup>8</sup> Unilever worked to reduce the costs of its supply chain, targeting €6 billion by 2020.<sup>9</sup> Then-CEO Paul Polman highlighted Unilever's renewed emphasis on an "investment-led growth model"<sup>10</sup>, and Jope reflected back, "It's the most significant set of changes we've made in a decade."<sup>11</sup>

### *Unilever in 2020*

Unilever's portfolio in 2020 comprised some 400 brands, spanning household care essentials, ice creams, and soaps. In 2019, more than 2.5 billion people used Unilever's products each day, and the company estimated seven out of ten households on the planet used at least one Unilever product.<sup>12</sup>

The company generated net sales of €50,982 million. Since 2018, Unilever had been organized into three operational divisions—Beauty & Personal Care, Foods & Refreshments, and Home Care. The company allowed significant variation in local operations. Dalton noted, "We struggled a lot with centralizing. The proximity to the local market is really important."

## **The Changing FMCG Industry and Future of Work Drivers**

The fast-moving-consumer-goods (FMCG) industry had traditionally generated reliable growth and was projected to reach \$15,361 billion by 2025, with an estimated 5.4% CAGR from 2018 through 2025.<sup>13</sup> The sector comprised low-cost, consumer packaged goods which were typically distributed through mass-market outlets such as grocery stores, supermarkets, and warehouses.<sup>14</sup> Dalton explained how the industry had evolved through three phases (see **Exhibit 2** for evolution of the FMCG industry), "Up through the 1970s, the sector revolved around consistent product supply and the 'Age

of Advertising.' If you could market at scale, you could sell to thousands of shops. The era changed just around the time I joined Unilever in 1986, evolving to the 'Age of Retail' with significant retail and media consolidation. In 2019, we entered a 'Digital Age' that is largely defined by local and authentic brands selling directly to consumers."

The FMCG industry was rapidly changing due to technological forces, including data, mobile, and the Internet of Things (IoT), which revolutionized the way consumers interacted with brands. Incumbents felt extreme pressure to embrace digital models and seek out new ways to target and retain customers, as well as transform their operations to adopt truly data-driven marketing and production practices.<sup>15</sup> Mass merchants, the traditional customer of Unilever in the Age of Retail, faced intensified competition from e-commerce platforms and direct-to-consumer businesses.<sup>16</sup> For a manufacturer like Unilever, the rapidly shifting sector presented unprecedented opportunities and challenges. (FMCG manufacturers frequently used the term "consumer" to signify the end purchaser of a product and "customer" to signify their direct retail client, such as a Walmart or Carrefour.)

Furthermore, consumers' buying behaviors were evolving. Millennials did not purchase mass brands similar to prior generations, looking instead for new brands. In food products, Millennials were almost "four times more likely than baby boomers to avoid buying products from the big food companies," according to a McKinsey study.<sup>17</sup> The same market research asserted that new brands were capturing two to three times their fair share of growth, while the largest brands remained flat or in slight decline.<sup>18</sup>

The FMCG industry and Unilever also confronted other forces shaping the future of work:

- **Rapid advances in automation and AI:** In the next three years, the use of automation was expected to nearly double, with an estimated 130 million jobs created and 70 million displaced. By 2022, the core skills required to perform most roles would change by 42%.<sup>19</sup>
- **Aging population:** The dramatic increase in global average life expectancy, alongside reduced birth rates for many advanced economies, changed the dynamics in the workplace. In 2020, 30% of U.K. workers were more than 50 years old.<sup>20</sup>
- **New modes of work:** The gig economy enabled a new independent workforce, estimated at 50 million people, who capitalized on the possibility of drawing income from new digital platforms.<sup>21</sup>

These developments pressured companies like Unilever to develop systems and processes that were better suited for the future of work.<sup>22</sup>

## Unilever's Future of Work Framework

*We believe brands with purpose grow. It's no longer enough to compete on technical specifications, product superiorities, good marketing, and good distribution. You've got to have that deeper connection to consumers. But it is paradoxical to talk about purpose and simultaneously lay off parts of your workforce in the old way. Unilever can't afford that paradox: firstly, because it's not very good business for us. You can't be proclaiming purposeful brands on the Tuesday and on the Wednesday announcing factory closures. Secondly, the purpose agenda is around positive social impact; that's what we stand for.*

— Nick Dalton

New technologies changed the day-to-day nature of work. Dalton estimated that a significant number of jobs at Unilever would be significantly impacted over the next five years. To address these challenges, Unilever's *Future of Work* initiative centered on three pillars: 1) accelerating the speed of change; 2) accessing mission critical skills now and in the future; and 3) increasing flexibility through new employment models. (See **Exhibit 3** for details on Unilever's *Future of Work* framework.) The pillars began as separate initiatives before chief HR officer Leena Nair rolled them up into a single and systematic program in 2016. Given the high degree of local customization at Unilever, the program was meant to provide guidance that would be adapted into each market.

### *Pillar 1: "Change the Way We Change"*

Before Unilever could turn this period of technological change into a promising future of work, leaders felt they first needed to update their own mindsets and behaviors. The transformation required new ways of thinking about the company, operations, and workplace. Unilever strived to be transparent and drive collaborative change, by building awareness, dialoguing, and co-creating with its people. In other words, "making change with employees, not to them."

Dalton's perspectives on change management were captured in his book *Change the Workplace, Change the World*.<sup>23</sup> He outlined five great waves of change so far for HR practices in the workplace, with a sixth commencing now (see **Exhibit 4**):

- **HR 1.0 - Paternalistic:** Peaking in the early 20<sup>th</sup> century, this approach emphasized employers touching many parts of a worker's life and the concept of workforce as family. The wave improved many earlier deficiencies in health, safety and welfare.
- **HR 2.0 - Power:** Peaking in the 1940s, this approach saw less generosity towards employees due to rising competitive pressures and power struggles between unions and management. The wave gave rise to stronger techniques for industrial relations.
- **HR 3.0 - Process:** Peaking around 1980, this wave reflected the dramatic workplace changes that followed World War II and women's entry into the workforce. Workplaces became more standardized and process oriented, with a focus on personnel management, perhaps limiting flexibility and entrepreneurialism on the job.
- **HR 4.0 - Profit:** Peaking around 2000, this approach promoted shareholder value and wringing some of the excesses accrued during the process wave. People analytics and HR best practice adoption became more widespread.
- **HR 5.0 - People and Purpose:** Perhaps with a peak around 2020, this approach emphasized the ability of workplaces to connect with employees emotionally, in part as a reaction against the excess of the profit seeking wave.
- **HR 6.0 - Paradox:** As the future of work commenced and brought substantial disruption with AI and robotics, companies would face difficult choices when balancing their broader purposes with the realities of required workforce changes to match new technologies. This wave was just commencing and Dalton hoped it would segue quickly to a seventh wave that emphasized integrated solutions and new crowd-based employment models.

Unilever had experienced all of the waves, and indeed they were all still present in parts of its global operations. Dalton estimated: "Contexts are very heterogeneous, and the local approach depends on the geography, the leadership, the trade unions, and where people are."

A key priority for Unilever was thus to “change the way we change” including workers in the debates, discussions, and decisions that would shape their future. In Europe for instance, Unilever’s European works council<sup>a</sup> co-created a joint agenda with the company, allocating roughly €30 million to the *Future of Work* framework for the next three years. “This way of thinking needed some courage from both sides,” Roberto Canevari, executive vice president supply chain in Europe, remarked. “We have seen a lot of employees lose their jobs in the past; that’s why we had this urge to do this program together. It’s not easy to persuade people ... if you are used to a specific job and you’ve been doing it for a period of time, how do we make sure that you feel the need to learn something different? This is another aspect of this transformation: creating a sense of need and then making sure that we can offer you the space and the tools to make this change happen.”

Hermann Soggeberg—chairman of Unilever’s European works council and vice chairman of Unilever’s German supervisory board—recalled the initial skepticism from his colleagues, “The trade unions were a bit hesitant in supporting our approach. Our biggest challenge was for our colleagues to understand why we needed to do this. It is a program to avoid restructuring and to give people a perspective, predominantly within Unilever, but also outside of Unilever. ... What is really important is that we have a lot of successful examples to convince others.” Soggeberg also recalled how Jope’s public commitments for the new approach had helped overcome initial slowness on the management side, which in turn boosted the buy-in and participation from labor leaders. Management and labor leaders agreed that a central concern was to ensure sufficient forward action, versus discussion and planning, given the pace of technology advancement.

Unilever’s goal was to ensure that 80% to 100% of the workforce displaced by automation would ultimately get a new internal job, external comparable position, or opt for an appropriate early retirement. By 2020, most managers and employees agreed that this strategy was the right way forward, but were still uncertain how the firm would operationalize and implement this strategy globally. Unilever had projects in most all of its countries, with very different stages of development.

### *Pillar 2: Ignite Lifelong Learning and Critical Skills*

Analysts estimated a far broader range of tasks will be impacted in years ahead by automation and AI than the simple, routine activities targeted by prior technology waves.<sup>24</sup> The need for new knowledge and expertise, spanning hard and soft skills, would require workers everywhere to deepen their existing skillsets or acquire new ones.<sup>25</sup> (See **Exhibit 5** for anticipated changes in job composition.) Companies like Unilever were rethinking their approaches to work and the building of workforce capabilities. “No organization can offer jobs for life anymore,” said Nicola Braden, learning innovation and standards director. “But we can offer skills for life.”

For years, Unilever had placed purpose at the core of its strategy, regarding it not just as the right thing to do, but as an essential component of growth. Using its learning and development center in Four Acres in the UK, the company introduced *Discover Your Purpose* workshops so that employees could develop future-focused individual plans. 50,000 employees had attended these workshops by the end of 2019. Adfer Muzaffar, former talent and learning senior manager, commented, “It’s intended to give individuals the space and time to reflect on their life experiences and think about what really makes them tick, what matters to them. Whether it’s in your current role or doing something else, can Unilever with its scale and size facilitate your ability to live your purpose? How does your purpose

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<sup>a</sup> The European Works Council was a body where European employee representatives of a specific multinational and their management counterparts met to discuss topics related to the progress of business and any significant decision at European level that could affect their employment or working conditions.

inform your individual development plan? What are the kinds of experiences and skills that you need?"

Some managers and employees initially questioned the initiative. Dalton said, "Everybody said: why are you doing this? What's the point? Our development philosophy is that we believe that everybody has a right to a fulfilling working life, and it starts with purpose." The workshop also served as a tool to foster wellbeing at work and to keep employees motivated. "People are constantly reading stuff about how AI is going to take over jobs, how employees will become redundant," Muzaffar said. "The rapid pace of change creates anxiety. Anchoring the conversation in purpose shifts the focus of control inwards and helps employees think longer-term. Purpose helps build resilience in a workforce facing change and uncertainty."

By the end of the workshop, each employee had to come up with a future-fit individualized plan for 6-18 months, with longer horizons being deemed too uncertain. These plans helped workers identify a set of critical skills to acquire for their future roles. Unilever worked with leaders to determine which skills were high priority. Braden commented, "The aim of this process is to provide our employees with data points, so they're making data-based decisions about where they want to go next." Employees could choose a variety of upskilling and reskilling solutions, whether internal or external to Unilever. Capabilities included traditional and online learning, mentors, and "flex experiences" – assignments that allowed employees to expand and practice their new skills during their daily work. (See **Exhibit 6** for more details on purpose, future-fit plans, and skill routes.)

Unilever partnered with Degreed, a learning platform, to help its employees discover learning content, build skills, and certify their expertise. Interpersonal communication, agile working, thriving through change, and AI in business operations were particularly sought-after topics. Set up in September 2017, Degreed triggered a shift in learning behavior at Unilever, and most office workers and contractors at Unilever had access by 2020. Acquired businesses, third-party agencies, and factories were then included in the next phase. "Initially, we wanted to develop a new platform to bring all the learning content into one place," Braden said. "Once this integration piece was completed, we wanted to move away from seeing learning as just a reward for people who reached a new work level. We wanted to empower the learners to take charge of their own learning, with some guidance from the business of course. Numbers now show that more people do more training more frequently."

Unilever hoped to build a sustainable, repeatable model. "One of the reasons we invested in Degreed is because it has portable credentials," Braden said. "So, even if you leave Unilever, the learning record belongs to you. You can take your credentials with you wherever you go next." This willingness to train employees for a future job outside of Unilever was an important differentiator for the company. Unilever estimated that employees were 35% less likely to quit if they had access to lifelong learning and upskilling, representing a potential saving of €6.6 million per year in hiring costs for every 700 employees trained. The estimated cost avoidance in redundancy was roughly €25 million per year. Unilever had invested roughly €25 million in learning tools so far, with many efforts scheduled to roll out online during the course of 2020.

While the program had already made considerable progress, there was still some resistance to change and/or slowness to engage. The biggest challenge for Unilever was to stimulate self-directed learning as part of daily working life. Rachid Adbaili, chairman of the central works council, said, "We are occupied by day-to-day work, so people don't really have the time to do this on top of or beside their work." Braden elaborated, "Sometimes junior employees believe they don't have control over their own time nor permission from their managers. Unfortunately, we have some managers that reinforce this belief, while others stimulate learning. For instance, one of our leaders in Africa stated that everybody should do two hours of learning on the third Thursday of the month. No one is to put

meetings over this time, because he wants them to prioritize reskilling and upskilling. Including him. No meetings." Some factories had limited capacity for workers to leave the factory floor for training. The goal was, however, to adapt the process to each context and continued to reinforce learning.

### *Pillar 3: Redefine the Unilever System of Work*

Unilever wanted stronger links to external talent that could help the company. Raquel Suarez, employer brand and talent channel transformation director, said, "We started a big mindset shift within the organization. It started with inspiring senior leaders: 'Full-time employees are not the only way to get work done. You don't need to have every skill inside the company, you can tap into them outside as well.'" Redesigning the organization to include these new ways of working was key to streamline operations and minimize costs. With this in mind, Unilever started to experiment with more than 50 different pilots across the world. (See **Exhibit 7** for an overview of these initiatives.)

**Talent Swaps.** In North-Asia, and China more particularly, companies struggled to attract and retain talent. Few executives had the required combination of skills to work for global companies, leading to fierce competition for the same pool of talent. Many leaders also aspired to work with local e-commerce companies and Internet startups, given the upward opportunities they provided.<sup>26</sup> Accordingly, Unilever experimented with ways it could give people the startup experience while keeping them in the organization. Starting in 2017, Unilever conducted talent swaps that temporarily assigning high-potential employees to another firm like Alibaba, Tencent, or JD. The idea was for these employees to develop a specific skillset during a short-term mission there and then bring that learning, agility, and thinking back into Unilever.

**Crowdsourcing** Unilever worked with various crowdsourcing platforms and communities to get insights, ideas, or business propositions for new products and services. For instance, Unilever's business in Pakistan challenged 15 vendors to find a solution for bringing ice cream to consumers in less than ten minutes. The winning idea was an app like Uber, which would match ice cream consumers with neighbors going to the grocery store. This project ultimately delivered a 1% growth to Pakistan, a business with €800-million revenues in 2018. Another example focused on product designs that resonated with millennials in China, achieving a launch within four months.

**Freelancers** Unilever developed new processes for integrating freelancers on platforms like Upwork, Catalant, and Momlancer into its workflow, especially for scarce skills and short-term projects. Muzaffar commented, "We had UK-based IT teams that needed expertise on specific technologies. These platforms allowed the team to tap into skilled individuals who could perform the required task on a short-term basis at a fraction of the cost."

Recognizing these benefits of speed and flexibility, along with potential cost savings, senior leaders pushed awareness of the platforms to areas outside of traditional IT work. Yet, adoption also required new mindsets. Muzaffar noted, "In many cases, leaders were not prepared to redefine their workflow in a way that allowed short-term freelancers to jump in, do the task, and move on. Smaller markets tended to be faster in adoption as the limited local talent pool left them with no other option. With time, awareness and successful use cases have grown, and we are moving towards finding the right balance between internal and external talent." Suarez remarked, "It's convenient for businesses, because you just tap into the talent. But it's also expensive."

Unilever also had to address procurement, financial, and legal factors to scale the approach. Muzaffar elaborated with an example: "Freelancers are accustomed to immediate payment on the platforms via a credit card. In Unilever, we have longer payment terms and credit card payment was not an option. We wanted to be able to track who we paid, what we were paying for, what was the

quality of work, whether the rates offered were competitive compared to our local costs. We had to find solutions so that our internal mechanisms and processes could support this new way of working.”

Other challenges included regulatory concerns, such as making sure that the freelancer's worker classification was correct. Platforms like Upwork and Catalant claimed compliance, but perhaps risks remained. Understanding the full cost implications, such as additional taxes on contractual talent in the Philippines, were important. Furthermore, some platforms were not available worldwide, making it difficult to hire and/or pay experts in some of Unilever's geographies. Unilever finally had to put some safeguards in place to preserve its commitment to confidentiality. Muzaffar commented, “What if someone is working with us, especially if it was a sensitive project, and the individual was then going to work with a competitor? What were the safeguards in place? How would we regulate this model?” Dalton summarized: “You don't own that talent; they own the talent.”

**New Worker Types** Dalton estimated Unilever might create 80,000 new tasks in the next five years. While some supply would come through external contractors and gig economy, Unilever also targeted developing their own talent pools. The company hoped to increasingly incorporate previous Unilever employees (“alumni”) into appropriate projects. Unilever also sought to attract certain hidden pockets of potential workers: mothers, young workers, students, entrepreneurs, retirees – people who, for various reasons, would appreciate more flexible work arrangements.

While flex work was attractive, Dalton emphasized the need for worker security: “We can't repeat the typical exploitation of lower-skilled gig workers. That goes against our social mission and purpose. It's also bad business – if everyone becomes a poorly paid temporary worker, they are not going to buy our brands, which makes no sense for us.”

In the UK, Unilever developed a new type of contract – called U Work – that sat in between FTE and contractor and represented an ongoing semi-permanent relationship. Unilever paid a retainer to workers in return for a commitment that they would work for it for a specified number of weeks a year. Workers received a benefit package, including a pension, private healthcare, and paid holidays during their work period. They also received a learning card that they could spend on learning activities, whether it was buying books on Amazon or attending a course. The 18-month development process had incorporated local UK trade unions and legal experts. In early 2020, U Work was being piloted in a factory and in an office space, with encouraging early results, and Unilever hoped to create similar programs soon thereafter in ten other countries. (See **Exhibit 8** for workforce composition predictions in the UK and the impact of U Work.)

**Internal Talent Marketplace** Unilever also sought to free up 10% to 20% of the time of its internal resources to accelerate internal fluidity. To update its recruitment and talent management systems, Unilever had begun experimenting a few years earlier with AI platforms like Gloat and Workey to recruit people, match employees' development needs to new projects internally, and connect redundant workers with outside opportunities. “The challenge, however, is the cost, which explains why we don't go at full speed,” Suarez explained. Unilever hoped to develop a fully automated platform that would integrate all of its talent channels from FTEs to contingent workers, which were currently operated by different vendors or systems.” Suarez lamented, “Unfortunately, we haven't found a single technology that connects all of these dots so far.”

**Partnerships** Finally, Unilever sought to create a number of partnerships with other startups and businesses to find, among other things, new commercial opportunities. Unilever envisioned also creating a consortium of companies to mobilize peers around a coordinated talent strategy. The aim was to convene partners from the business world to collaborate on efforts to produce, attract, and retain

talented workers. In China, such a forum already existed, with companies like Unilever, HP, and Procter & Gamble building access to a common pool of qualified workers.

From a financial perspective, Pillar 3 was critical. Unilever planned to invest an additional €6.8 million in new platforms, as well as €1.5 million in the U Work pilot. While the return on investment was modest so far, Unilever believed that it could reduce manpower fees by 15% to 20%. The company also targeted decreasing the time to hire from 24 days down to seven days.

## Responsible Automation Plan and Applications

*Leave no one behind. Create employability. Jobs become redundant, not people.*

– Unilever PowerPoint Presentation

### *Employability in Manufacturing*

In manufacturing, particularly for lower-skilled jobs, automation was a reality. “The change is not even imminent. The change is underway,” Muzaffar remarked. Dalton estimated that the majority of Unilever’s basic jobs in the supply chain would begin to phase out over the next three to five years. This would impact livelihoods, but Unilever was no longer able to protect employment. Instead, the company’s strategy was to equip people impacted by restructurings with skills that made them employable in the future. In some settings, especially in developing countries, the government could assist and support this work. (See **Exhibit 9** for details on the new employee life cycle and **Exhibit 10** for Unilever’s values in terms of responsible automation.)

Building on past experiences, Unilever developed a playbook to share knowledge and training across teams. “This is a mindset change that has to happen,” said María Florencia Iglesias Dubilet, global HR director. A first step was to understand the impact of the restructuring on employees, locations, families, agreements, networks, and reputation. The local context mattered, particularly when it came to political landscape, unemployment rate, GDP per capita, and growth rates. Each factory was different in terms of types of jobs, attrition, and workforce profile (e.g., gender, education background, openness to upskill, etc.). Developing a suitable approach to restructuring was therefore important, although some technical aspects might be similar across geographies (e.g., the methodology to approach stakeholders, governments, NGOs, and trade unions).

Subsequently, the playbook explained how local leaders should generate a responsible automation plan, which identified required resources, investments, a timeline, and a tracking mechanism early in the process. Unilever needed to help each worker identify their purpose, preferences, current and future skills, and upskilling options. Different pathways were available: learning something new, starting a new business, finding a job inside Unilever, or outside Unilever.

At the collective level, Unilever’s goal was to help people flow inside and outside of the company; in some settings, the scope was further extended to family members. In Brazil, Unilever had trained entire families on digital tools, so that they could launch their own businesses after a restructuring. The firm also sought to map where employment opportunities existed in local markets and required skills for these jobs. In some cases, Unilever had helped place redundant employees with competitors like l’Oréal. In this context, upskilling through external certification was key, and it was important to carefully implement the trainings, coaching, and purpose workshops, and keep track of progress.

Unilever recognized the cost on management time, compared to a simpler strategy of just financial severance payments. “Does it draw upon more effort? Definitely,” Dalton said. “But we create

something." Unilever's ambition was to provide globally new labor opportunities to all of its workers in the six months following a redundancy at compensation levels comparable to the former job.

### *Applications*

Unilever Italy showed several applications of this framework. In 2019, Unilever and the Italian works council had co-created a joint agenda to address the change in the workforce due to automation and digitalization. Unilever Italy was also promoting and leading the *alliance for employability in a digital world* to reduce the skill mismatches. Analysts estimated that 4.7 million jobs could be generated in Italy within the next 15 years, while 3.6 million jobs would be automated. Unilever and other companies believed that this surplus of 1.1 million jobs represented a huge opportunity, especially given the aging population of Italy that could limit worker supply. In the country, 90% of businesses were SMEs. The alliance therefore sought to create a government-funded digital learning academy that would be open to SME employees, unemployed people, and disadvantaged people outside the labor market. "It's something that can be considered in Italy as a real tipping point in the history of industrialization," said Gianfranco Chimirri, HR director for Italy. "We draw on the best resources in the country to develop a transition model of the Italian economic ecosystem that enhances the challenges of the digital economy through a new human capital development strategy. It is based on reskilling, upskilling, lifelong learning; and medium-long term employability."

In some situations, a redundancy announcement had come before the *Future of Work* framework could be applied. In one example that involved 76 roles, some amount uncertainty and fear had already gripped affected employees. Unilever Italy engaged with 12 big companies (e.g., Zalando, Coca-Cola) in a 50-kilometer radius to redeploy 100% of its workers. Unilever provided mental health support to transitioning employees and also worked with a local, industrial player to invest and relaunch the site to ensure long-term sustainability. In another case, the *Future of Work* framework could be applied before a factory shut down that would impact 161 FTEs in a region where the unemployment rate was 40%. Unilever worked to develop redeployment options before the announcement was made.

Digitalization was happening in offices as well, especially in the marketing, financing, and planning functions. "We had to get clarity on several things. What are the tasks that we can automate, what are the tasks that we can borrow, what are the tasks that we don't have, what are the tasks that we are not able to build in this timeframe and that we need to buy in the market, what are the upskilling and reskilling programs that we have to deliver and for which functions?" Chimirri said. "The idea is not to identify technology that can replace people, but to use technology to augment the capabilities of our people in order to improve productivity, increase capacity, and have an impact on the business. In essence, machines should be doing what they do best, performing repetitive tasks, analyzing huge data sets, and handling routine cases. And humans should be doing what they do best, resolving ambiguous information, exercising judgment in difficult cases, and dealing with dissatisfied customers."

In other geographies too, leaders at Unilever were applying the *Future of Work* framework. In Pakistan, the HR team worked with the local management and international trade unions to provide packages not only to their FTEs but also to temporary workers working for contractors. "That's completely unprecedented in Pakistan," Dalton said. "We are setting a new norm on how to do things in Pakistan that other multinationals would likely copy. It has a systemic impact."

In Kenya, Unilever had also shut down a plantation with 2,000 workers in a village where the firm was the predominant employer. The only way they could transition people out was to help create an entrepreneurial ecosystem. Unilever first made a census to understand people's preferences. They then partnered with the government and NGOs to train workers on new skills, including for instance

practical sessions on farming techniques and detergent making. In addition, Unilever provided support for workshops and training in financial planning, stress management, and entrepreneurship.

## Moving Forward

*The digital revolution is a human revolution. While new technologies are what is driving the Fourth Industrial Revolution, ultimately, it is people who will bring it to life in businesses. We need to lead our organizations to a new future of work – one that has the potential to be more inclusive, more purposeful, and one which can deliver more positive impact to our people, our consumers, and the competitive growth of our business.*

– Leena Nair, Chief HR Officer

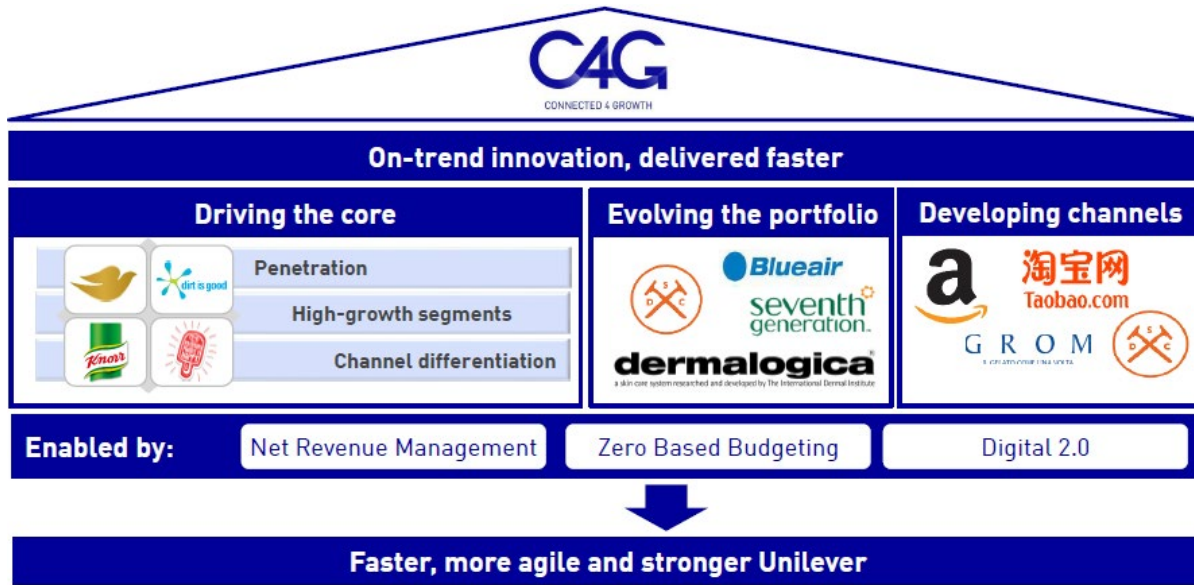
Introduced three years earlier, the *Future of Work* initiative was putting people at the heart of Unilever's transformation. Unilever indeed believed that the company needed to become more human to create more value for the business in this new, connected world. The program focused on three key priorities: 1) accelerate real change by collaborating more broadly with trade unions, governments, and other relevant stakeholders; 2) equip everyone in the organization with the skills that would make them employable in the future; and 3) create a workplace that allowed for flexible resourcing.

This initiative had elicited various reactions in the firm so far. Making change with employees, not to them, took time. It wasn't just another program to roll out; people in the geographies needed to be on board if they were to achieve any meaningful change. Dalton reflected, "This is something that we are planting. In some places, it will grow quickly; in other places, it struggles. Some days I feel we're not doing enough. It's terrible. I'm failing. Other days, I learn about great energy and new applications in the markets that I did not even know about. I feel both emotions."

While CEO Alan Jope praised the program, he pressed Nair and Dalton saying, "More than ever, the world needs purposeful, multi-stakeholder businesses like ours to succeed if we are to leave a more sustainable and fairer world to future generations. That is, of course, our Vision: to demonstrate unequivocally that sustainable business delivers superior returns for all our stakeholders." Dalton reflected on past milestones and future challenges. Were the projected returns on the investment real? How should Unilever calibrate the right speed, and what should be its response to lagging parts of the business? Had Unilever already done enough to resolve the paradox of corporate purpose and automation, or should the firm take any further steps to mitigate the impact of new technologies on employment?




Reaching for his mug, Dalton sipped the dark, bitter brew. He only had a few moments left to organize his thoughts before his crucial meeting.

Exhibit 1 Unilever's C4G Initiative



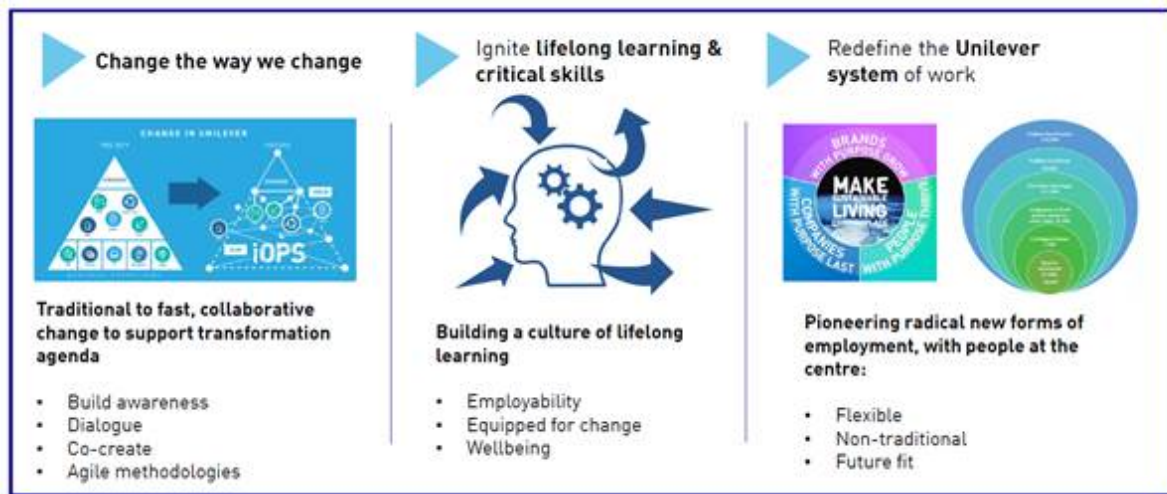
Source: Company Data.

Exhibit 2 The Evolution of the FMCG industry

	Supply centric era 1800s ...	Retailer centric era 1970s ...	'Hyper consumer centric' era 2010s ...
<b>Context</b>	<ul style="list-style-type: none"> <li>Pioneering basic categories (soap, candles, milk...)</li> </ul> 	<ul style="list-style-type: none"> <li>A world of intermediates</li> <li>Retail and media consolidation</li> </ul> 	<ul style="list-style-type: none"> <li>Direct to consumer</li> <li>Hard discounting</li> <li>Local / authentic brands</li> </ul> 
<b>Key objectives</b>	<ul style="list-style-type: none"> <li>Affordable 'staples'</li> <li>Supply driven economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Reach consumers</li> <li>Go-to-market economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Own platforms</li> <li>Route to consumer</li> </ul>
<b>Pursued Strategies</b>	Age of Advertising	Age of Retail	Digital Age

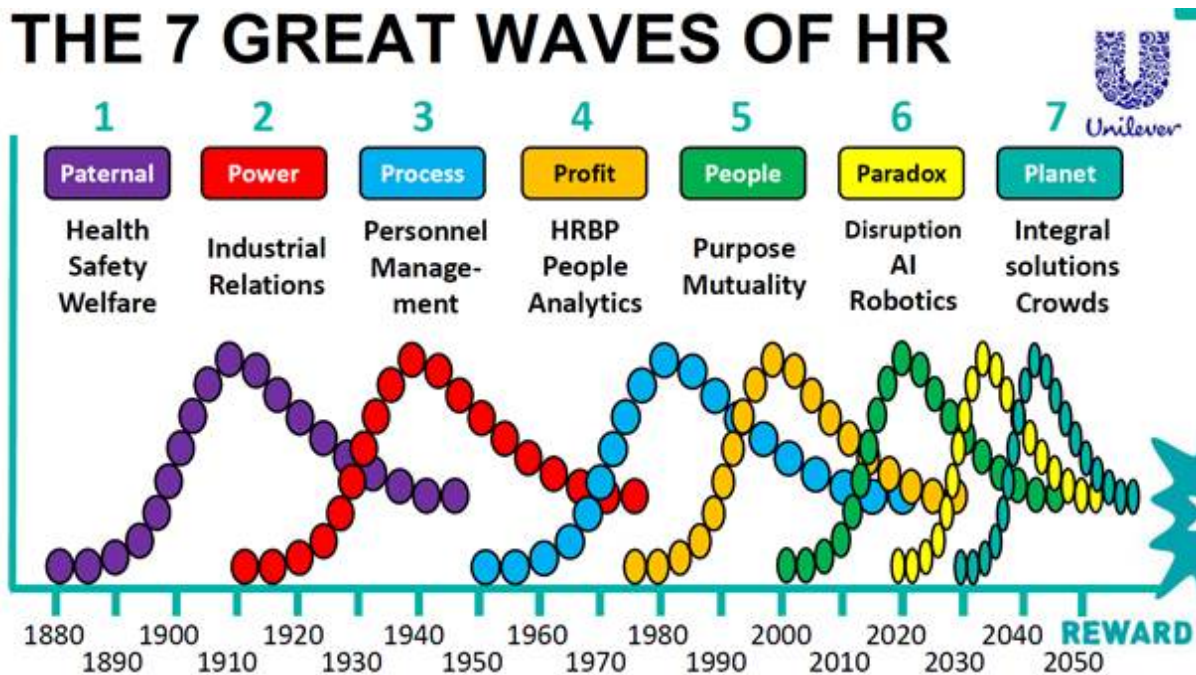
Source: Company Data.

Exhibit 3 Unilever's Future of Work Framework, as of 2020



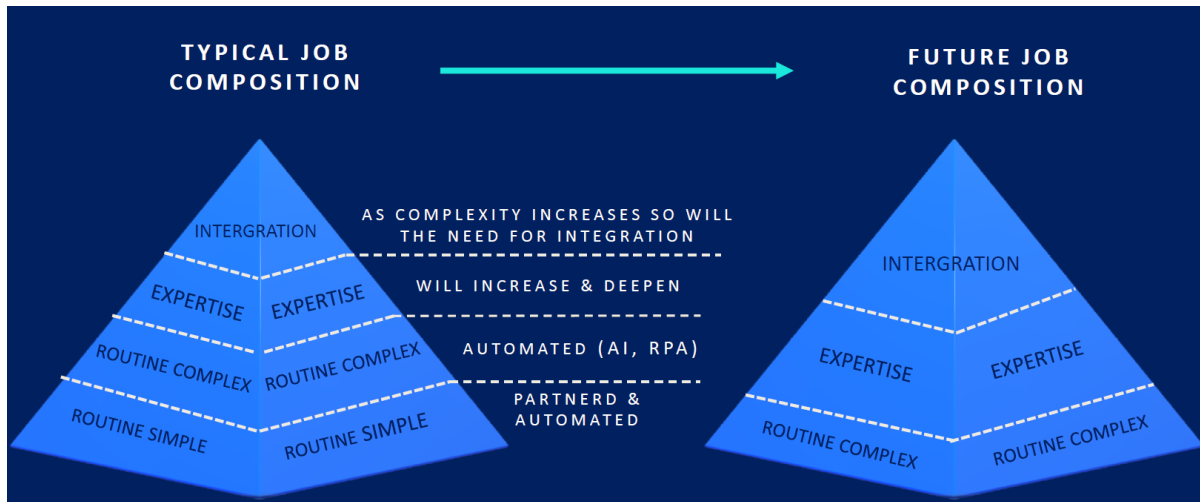
Source: Company Data.

Exhibit 4 Dalton's Waves of People Practices in the Workplace, as of 2020



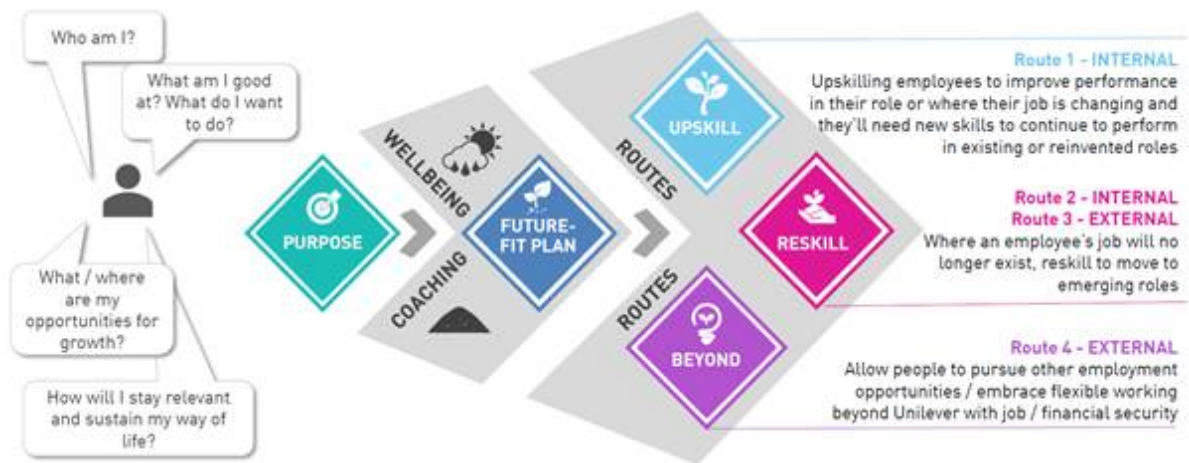
Source: Company Data.

**Exhibit 5** Reinventing Jobs: Change in Job Composition, as of 2020



Source: Company Data.

**Exhibit 6** Purpose Workshops, Future-Fit Plans, and Skill Routes for Unilever Employees, as of 2020



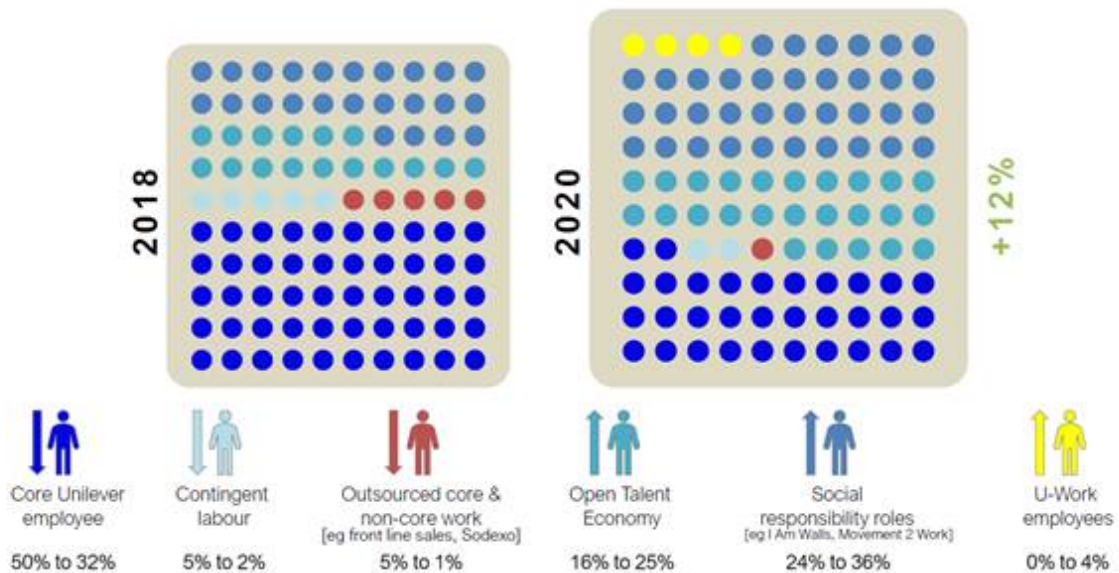
Source: Company Data.

Exhibit 7 Overview of Unilever's Experiments, as of 2020



Source: Company Data.

Exhibit 8 Change in Unilever's Workforce Composition in the UK and Ireland, 2018-2020



Source: Company Data.

Exhibit 9 The Employee New Lifecycle, as of 2020



Source: Company Data.

Exhibit 10 Unilever's Commitment on Responsible Automation, as of 2020

**We believe in...**

**Our responsibility** as an enterprise operating in **local communities**.

**Our commitment** to support people to increase their **employability** and **entrepreneurship**

**Our openness** to establishing **transparent communication** with our employees, unions, the community and other relevant stakeholders

**Our values** Integrity, Respect, Responsibility and Pioneering

**#NO ONE LEFT BEHIND**

**#CREATE EMPLOYABILITY**

Source: Company Data.

## Endnotes

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<sup>20</sup> Company documents.

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