

# LEVER

## A PROFILE OF UNILEVERS DETERGENTS AND RELATED OPERATIONS

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## 1. SOME GENERAL REMARKS ON UNILEVER.

Unilever was founded in 1929 in a merger between two worldwide operating companies which both had already a much longer history:

- Van den Bergh & Jurgens, specialized in margarine
- Lever Brothers, specialized in soaps.

Since 1929 sales and profits divide between edible fats and other foods on the one side and soaps, detergents and other chemical related interests on the other side.

Also, since 1929 the new company operates under the name Unilever from two holdings and headquarters: Unilever PLC, based in London/UK and Unilever NV, based in Rotterdam/Netherlands. This structure forms a strong defence against any unfriendly take-over. Also, this structure has made the Unilever concern hard to take a hold on for governments. This structure and the broad range of products which Unilever produces, makes the internal structure of Unilever very complicated. In Europe alone it runs 240 factories. Unilever has 500 working companies, often owning lots of daughter companies themselves.

To explain this structure, it might be useful to distinguish between the formal structure of ownership, and the decision making structure.

- \* The legal structure consist of a double holding company structure on the top.

Unilever PLC holds the shares of nearly all subsidiaries in countries worldwide that belong to the Commonwealth.

Unilever NV holds the shares of all other subsidiaries in the world, including the subsidiaries in the USA and all European countries apart from the subsidiaries in the UK and Ireland.

A similar group of persons constitutes the Board of both holdings. In the Dutch holding a Dutchman is president and an Englishman is vice-president and vice-versa.

This system prevents conflicts of interests between the two holdings. Apart from this a number of contracts and agreements regulate dividend pay-out levels in both holdings, and so on to prevent conflicts between the UK and Dutch part.

The Board consists of 15 persons. Within this Board operates the Special Committee: a triumvirate which is in the end the most responsible group of managers consisting of the two chairman of the top holdings and an extra member of the Board.

- \* The decision making structure in practice however doesn't follow the juridical ownership structure.  
In Europe Unilever operates mainly on the base of decisions made by coordination groups. Since the seventies Unilever organized its european

subsidiaries according to their activities in 8-10 coordinations.

In these coordinations all major decisions are taken regarding investments, disinvestments, factory locations.

Recently this coordination structure has been enlarged to encompass also the North American operations. So now the European and American businesses are organized by product categories. The other parts of the world are organised geographically, reporting to a regional chief in London who is also a member of the board. The regional groups consult with the product directorates and, like them, call on the expertise of centralised outfits like finance and R&D, but they are on their own when it comes to profit and loss.

The coordination centres are all located in London (all non food operations) or Rotterdam (all food-operations). They are the major decision centers and are completely put out of reach of any possibility for consultation or negotiation with works councils or trade unions.

The last ones are till now very much confined to national boundaries, whereas the coordinations are constructed explicitly to coordinate international decisions regarding similar activities.

- \* another complicating factor is that the wide range of consumer products is sold in the market under a great variety of brandnames, systematically not mentioning the name of Unilever. Similar products are sold under different brandnames in different countries. However over the last years the tendency is growing to try the introduction of similar europeanwide/worldwide brandnames for the same products. That makes it difficult even for Unilever workers to grasp the range of the company activities.

Lever Europe is the working company within the chemicals coordination where the operations in the field of detergents are organized. its headquarters are in Brussels. Actually, these operations are split into two working companies, Lever Brothers and Lever Industrial. Lever Brothers contains 16 plants manufacturing detergents, Lever Industrial 12 newly acquired companies like Otare's delivering cleaning systems to special branches. In London the Detergents Coordination is part of the European coordination structure.

We will explain this a bit more in chapter 7.

## 2. BASIC FACTS ON UNILEVER: ACTIVITIES

Basically the company is divided in two main parts:

FOOD	1991 net sales	DFI. 39,5 mld ( +5%)
CHEMICALS	1991 net sales	DFI. 32,5 mld ( +6%)
and other activities:	1991 net sales	DFI. 4,6 mld ( -16,9%)

Chemicals is basically :	- detergents	DFI. 17,3 mld
	- personal products	DFI. 9,3 mld
	- specialty chemicals	DFI. 5,9 mld

Other activities include:	- agribusiness
	- medical products

This product group shows a decline, due to Unilever's pulling out of the agribusiness. In 1992 Unilever announced to be pulling out of this business. It wants to sell subsidiaries with a total turnover of Dfl 1.65 bn and 4,000 employees. Also the special chemicals activities have been declining in 1991.

### Marketshares in main activities.

On the world food market Unilever's market share is far lower than with personal products and detergents.

1990	WORLD MARKET	UNILEVER SALES	UNILEVER MARKETSHARE
FOOD	ca. £ 730 mld	£ 10,2 mld	1,3%
PERS.PRODUCTS	ca. £ 26 mld	£ 2,3 mld	10%
DETERGENTS	ca. £ 16 mld	£ 4,3 mld	22%

The main competitors in detergents are Procter & Gamble, Colgate Palmolive and Henkel.

## RESULTS BY OPERATIONS.

Unilever is heavily dependent on the food and detergents operations. Higher profits however are reaped from the speciality chemicals and personal products operations. Detergents shows the lowest margin, ever since 1988. For all product groups, margins have been lower in 1991, due to the recession and increased competition.

(bln. Dfl.)	OP.PROFIT			MARGIN (%)		
	1989	1990	1991	1989	1990	1991
FOOD	3,3	3,4	3,5	8,7	9,1	8,9
DETERGENTS	1,1	1,2	1,2	6,9	7,3	7,2
PERS. PRODUCTS	0,8	0,9	0,8	10,3	10,0	8,6
SPEC. CHEM.	0,8	0,7	0,7	13,2	12,8	12,4
OTHER	0,5	0,4	0,3	9,9	7,9	7,3
TOTAL	6,5	6,6	6,6	8,9	9,0	8,6

Between 1985 and 1990, general profitability improved a lot:

*	Sales	1985 ---> 1990	+ 8%
		1991	+ 4%
	Operational profits	1985 ---> 1990	+ 75%
		1991	- 1%

Between 1983 and now Unilever sold a number of high volume/low margin activities and acquired many companies through take overs in high margin activities.

The first quarter of 1992 saw profits rise with 3%, mainly due to good performances in Asia and Latin America. Profits in the US are still far below company average. Operating profit however fell with 2%, due to a 0.3% decrease in margins. Sales in Germany and the UK (-15%!) fell strongly. In detergents, European sales volume remained stable, but margins are still under pressure from fierce competition.

### 3. REGIONAL SPREAD.

Slowly, Unilever is becoming less dependent on Europe. But the reach for the American market has not proven to be very successful yet, as profits are much lower there.

#### BASIC FACTS ( based on Dutch Guilders)

* <u>SALES</u>	EUROPE	N.AMERICA	REST
1985	64%	17%	19%
1990	61%	21%	18%
1991	59%	21%	20%

* <u>OPERATIONAL PROFIT</u>	EUROPE	N.AMERICA	REST
1985	57,3%	11,4%	31,3%
1990	60,0%	17,7%	22,3%
1991	62,2%	16,8%	21,0%

* <u>EMPLOYMENT</u>	EUROPE	N.AMERICA	REST	TOTAL
1985	134.000	22.000	148.000	304.000
1990	114.000	35.000	155.000	304.000
1991	109.000	33.000	150.000	292.000

#### 4. MAIN CHANGES IN UNILEVER'S BASIC STRATEGIES.

The figures on sales, employment and profitability reflect profound changes in the company strategy in the eighties.

Unilever belongs to the small group of multinationals that acted very fast upon the new market conditions in the consumer products markets in the eighties. The company shifted its emphasis from a orientation on high sales volumes and towards a policy that gave much more priority on high margins and profitability.

At the start of the 80-ies Unilever was a very much European company. More than 60% of sales, profits and employment were located in Europe. To be more accurate: around 50% of sales were made in the 3 countries where the company has its origins: the United Kingdom, the Netherlands and West Germany.

In the period 1980-1982 Unilever started a fundamental change in its strategies. It was an explicit goal to diminish the dependence on developments in Europe and to strengthen the position firstly in North America and from 1985 onwards also in Asia and specifically in Japan, one of the most important consumer-markets in the world.

Important factors were:

- a squeeze on profits in Europe: in 1983 Europe generated only 35% of total profits on nearly 60% of total turnover
- a stagnant economic growth and population growth: two important features of the European continent.
- a more aggressive competition from other producers, and fear of big players from outside Europe entering the, until then not very competitive, European market.
- concentration in retailchains would mean much greater pressure on margins. The last two factors related to the stagnant and for many products saturated markets.

The next three paragraphs will expand on the three main characteristics of Unilevers strategy:

- \* **Concentration on core-activities.**
- \* **Globalization: more North America and Japan/Far East.**
- \* **Ever clearer distinctions between two types of markets.**

##### 4.1 Concentration on core-activities.

Instead of a continuation of the old strategy of diversification by take-overs and subsequent consolidation in new productgroups, Unilever made the choice to concentrate on a smaller range of core-activities.

The expansion in core-product activities was stimulated by

- \* 119 acquisitions in Europe between 1985-1990.
- \* Also between 1985-1990 Unilever disposed of 70 non core-activities.

Unilever sold many companies it no longer defined as core activities. And many were bought to strengthen Unilever's position in the core-activities. In 1988 and 1989 Unilever's appetite grew that big that every week a new company was taken over.

In 1990 Unilever bought 56 companies for Dfl. 1,3 bln., it sold 16, for Dfl. 380 mln. The first quarter of 1991 showed a slowdown of these activities. Unilever "only" bought for Dfl. 200 mln. and sold for Dfl. 100 mln. In 1991 the acquisition pace was somewhat slowed. Unilever acquired 27 companies with sales of Dfl. 750 mn. It disposed of 13 companies with sales of 960 Dfl. The low average turnover of the acquired companies shows that Unilever is targeting small specialized companies. In the first quarter of 1992, Unilever acquired 8 new companies and disposed of 9 (incl. 4P packaging).

#### 4.2 Ever clearer distinctions between two types of markets.

In its core-activities Unilever is developing ever clearer distinctions in its organization of marketing and production related to marketchannels where the core-products are sold.

On the one hand there is the distributive market (DT market): the most important place where consumerproducts are sold. For Unileverproducts are these channels the retailchains, groceryshops and so on.

A growing role however is played by the non-distributive market. In the Detergents coordination it was named the Industrial Detergents (ID) business. This market is made up of institutional organizations like catering firms, hotels, hospitals to discern it from individual customers or clients.

The trend is a stagnating sales volume or even a declining one for the DT market for a number of products but a growing ID market. Therefore Unilever started over the last years to build up in the relevant coordinations separate organizationlines for the ID-business.

Apart from the slow-growth situation in the DT (distributive trade) sector of the consumer products sector, the IDT (Industrial Distributive Trade) is:

- a fast expanding market
- a very fragmented market.

Unilever is very active in its policy to go for market leadership through take-overs in various of these IDT branches. This policy has the effect that some of these sectors are now in a rapid process of consolidation and concentration in a few hands:

\* in Industrial Detergents Unilever is after 12 acquisitions clearly the market leader with its subsidiary Lever Industrial, the IDT part of the Detergents



business. Part of these activities are organized within the Otarès companies, which provide cleaning and disinfection systems for hospitals, schools, the food industry and other special sectors.

The effect of this policy is that marketing and sales departments are centralized and production facilities are stripped to only production centers. And in some cases decisions over production are not made in one decision center but in more. For example: one factory produces partly for the Distributive market and partly for the IDT market. This leads to an important conclusion:

- \* In the Unilever concern, division of labour and specialization will become the main principle of organization.

#### **4.3 Globalization: more North America and Japan/Far East.**

The acquisitions mentioned here were so called strategic acquisitions; they functioned to give Unilever a strong foothold in a product area where it was small compared to others. In the same time, it gave a strong position in a geographic market in which Unilever felt it was under-represented: in most of these cases the USA/North America.

For example: in personal products Unilever was smaller than many others and in fact barely represented on the North American market. It planned a strategic take-over to overcome these two weaknesses. The acquisition of Richardson-Vicks in 1985 failed: Procter & Gamble swallowed this company. But one year later the successful take-over of Chesebrough Pond brought what Unilever looked for: a turnover in personal products that placed Unilever in the top league world wide and the critical mass to rationalize operations and gain more market share by lower cost operations.

The period 1980-1986 can be seen as the period in which the main priority was to raise market shares in core-activities in North America. Unilever succeeded here along two lines: by take-overs and market investments in existing activities; and through many product innovations and introductions and massive marketing campaigns.

Since 1986 the emphasis has been shifted partially to manyfold Unilever market shares in the Far East/Pacific area. Unilever wanted to step up its turnover in this region between 1985 and 1990 fivefold. As has been made clear during a recent trade union conference in this region, it means: a multiplication of net sales without any expansion of employment. The share of North America in Unilever's total sales increased from 10% in 1989 to 21% in 1990. Turnover in Japan increased from \$ 165 mln. in 1983 to \$ 500 mln. in 1989.

However, in both regions 1991 still delivered losses. Unilever declares to lack critical mass to be low cost producer in these regions. This means that more acquisitions will follow to get that mass.

## 5. LEVER'S POSITION WITHIN UNILEVER

Over the last decade it was always in the detergents-coordination that new management-techniques and business-strategies were introduced.

The companies in this co-ordination operate under two different lines and names:

Lever Brothers : distributive trade line, produces hard soaps, personal washing products, fabric detergents and softeners, hand and machine dishwashing products, liquids, household cleaners.

Lever Industrial : industrial detergents trade/IDT. It comprises all cleaning and hygiene business outside the domestic environment.

Both operate worldwide and have production plants in many continents and countries.

One big difference is: Lever Brothers operates in an oligopolistic market. Everywhere in the world it competes with the same competitors: Procter & Gamble, Colgate, Henkel, Lion and Kao.

\* in Europe the main strategic line is :

- forming Lever Europe which means Europeanisation of the activities. Headquarters is located at Brussels.
- in the LTP 1988-1990 the most important step was: concentration of investments in 5 factories where mass production should take place for the European market.
- specialisation of these factories on a few products. That resulted in shifting products over Europe.
- formation of European Brand Groups. Central management groups got responsibility for Europe-wide activities for Europe-wide brands (Lux in Mannheim, CIF/JIF in the UK).
- centralization of buying raw materials /chemicals.

All these steps together lead to the new formation of a company Lever Europe where the executive responsibility for all European Lever Brothers operations will be centralized. Also marketing and logistics will be managed from this new company. Closures of smaller plants will follow.

Research was already concentrated in two main R&D labs, Port Sunlight (UK) and Vlaardingen (Neth.). Over the last years the co-ordination formed at both locations Lever Development Centres: there product development is concentrated. It meant the reduction of the size of development units at production plants.

To raise the efficiency in the modernized plants, the co-ordination introduced two new management strategies:

- \* total systems cost: it is a computerized system to compare on a permanent base the most efficient ways of production. It includes also third-party activities like distribution, packaging and so on.

- \* total quality management: direct personnel oriented strategies to create a small core-workforce, company dedicated, well skilled and paid, and dispensable in a flexible way "to meet the clients demands".

Lever Industrial on the other hand operates in a much more fragmented market. First target of this part of co-ordination is to raise market share in a short time. Starting with the European market it clearly aims to develop a leading world wide position. Acquired in Europe were: (Aug/Sept. 1989)

- Othars Neth./Belgium/ France/Denmark/Norway
- Sicca Hygiene France
- Jeyes Hygiene UK.

In Lever Industrial the consolidation of the already bought companies and the many more to follow will lead to job losses.

Within these companies, the same type of developments will take place as described for Lever Brothers. There is one distinction:

Lever Industrial is very much customer oriented and much less a mass producer. Forms of Total Quality Management have been introduced earlier and further there. It has a Detergents Application Centre in the Netherlands.

Specialty chemicals was one of the first activities where Unilever started its quality programmes. This was due to its selling much inputs to other producers who required ISO 9000/9001/9002 or BS 5750 quality certificates.

Unilever's strategy in the different regions have different main aims:

- Western Europe: introduction of new products, cost reduction to improve margins
- US/Japan: making the new gained footholds profitable, fighting competitors (Kato, P&G) in their own home market
- Japan: developing new ways of manufacturing
- Southern and Eastern Europe: market expansion
- rest: targeting national markets (Chile, India, Indonesia, China)

This means that outside Western Europe, profitability plays its central role in Unilever's strategy a little less than in Western Europe.

The US market is marked by heavy competition in detergents. Also Unilever here had to make heavy costs in merging the acquired companies into Unilever

The US detergents operations had to bear heavy costs for the introduction of two new detergents Lever 2000 and Wisk Power. In personal washing, competitors came up with new products which pushed for instance Timotei shampoo of its market leader position in the US.

In Europe competition in detergents increased as totally new products were introduced. Liquids detergents in a short time won a 30% market share in some countries. But after a short while its market share dropped. Then compact detergents were introduced. Other innovations contain sulphate free detergents,

and non-perfumed detergent, a Unilever product which failed.

Marketing costs account for about 20% of total costs, still excluding the costs of bonuses and price reductions, which raise marketing costs to 25-35%. In the US P&G have started to withdraw from this policy of giving price-reductions and is instead concentrating on delivering products at a structural lower price.

In detergents formerly national baronies have been replaced by a more unified executive intended to drive the business worldwide.

## 6. RESULTS AND CONSEQUENCES OF UNILEVER'S STRATEGY.

Because in 1980 70% of Unilever's turnover was realized in Europe, the impact of the disposal program was mainly felt there. The reduction of total employment in Europe from 176.000 to 110.000 was mainly due to this disposal program. In contrast to Nestle and Philip Morris, Unilever didn't spend billions on the acquisition of very big companies. The consequence of Unilever's new strategy was a huge restructuring-process in Europe.

Within the so-defined core-activities Unilever restructured to become one of the lowest cost producers.

This policy included:

- closure of a number of small factories.
- automation of practically all other factories.

The aim is to have fewer factories producing higher quantities of a smaller product range for the whole European market, and to introduce flexible automation systems to be able to produce smaller quantities of "niche" products. The same kind of equipment will be used in plants producing goods where not economics of scale are the most important factor, but low stocks.

To see in what direction Unilever is heading it is useful to give an account of Unilever's new Japanese plant in Utsunomiya. Here 49 people are producing 9,000 tons of toilet soap, 15,000 tons Jif, 1,000 tons of detergents per year, adding to 510 tons a year per employee (Compare: Vlaardingen 355 tons per employee) Many parts of the production process are farmed out to subcontractors, who have to deliver just-in-time. Production within the plant is totally integrated by a computer system, guaranteeing management total control. Only 20 people are directly concerned with production.

Unilever aims at harmonizing its broad scope of products and varieties. For instance the new Dove soap was introduced in the US. After it had proven its success there, it was recently introduced in Europe. It is manufactured in one plant, Mannheim, for the whole European market. It is packaged, advertised and marketed in an uniform way in every country.

Also in other sectors of the company concentration of activities in one site is being pursued. Whereas until recently production was the centre of all operations, the recent developments in some coordinations make very clear that marketing and sales have gotten first priority.

The aggressive acquisition strategy in its core-activities, Unilever carried out to reach the volume growth that made implementation of economies of scale and low cost per unit production possible.

Also, to be able to react more quickly to market changes the concern de-

centralized, giving a greater role to lower levels in the company. Central staff was heavily cut.

Compared to the situation in the beginning of the 80-ies, Unilever's position in Europe has been turned around. The company disposed of a lot of non-core and/or high volume low margin operations, for example bulk activities.

Unilever's new turn in the early 1980's marked a shift of focus from bulk products to branded consumers products. In the end this may mean that Unilever may pull out of the detergents market, where profit margins are very low, for instance in an exchange of activities with P&G.

For the last year, Unilever has given signals of looking for expansion more in the food businesses and toiletries than in detergents, where market share already is quite high. Unilever strengthened its core-activities by the acquisition of high added value production companies like e.g. the personal products sector where it took over Chesebrough Pond, Elizabeth Arden, Calvin Klein and other smaller prestige product companies.

\* **The effect:**

**TOTAL SALES GROWTH BETWEEN 1985 AND 1990 : ONLY 8%**  
**TOTAL OPERATIONAL PROFITS GROWTH IN THIS PERIOD : 75%**

**EUROPEAN SALES GROWTH 1985-1990 : + 2,5%**  
**EUROPEAN PROFITS GROWTH 1985-1990 : + 83%**

In this very profitable market Unilever has started a second wave of restructurings. This new round of restructurings has some major objectives:

- To prepare for the new bigger assault on the North American and Japanese markets.  
Unilever wants to earn the money in Europe to facilitate market penetration and marketing support in these markets. In the first place in the food sector. On the other hand, sharper competition raised by Unilever, especially in the US will undercut the profit base for US firms to expand in Europe. So, even though Unilever's profits in the US are now far lower than those in Europe, it will continue to expand overseas.
- To obtain a very strong position in the single European market which will make it very costly for other ( US or Japanese) companies to attack Unilever's marketpositions.
- To support Unilever's inroads in the new Eastern European markets; Unilever has acquired already detergents and margarine plants in ex-East Germany, Poland, Hungary and Czechoslovakia. And whereas in Western Europe Unilever moves from basic food products higher up in the market in the direction of quality and convenience food, it can use all its experience in the basic food sector to build up strong marketshares in Eastern

European countries. Unilever is one of the most active western investors in the former COMECON, currently discussing take-overs of two detergents plants in the CIS. Turnover in eastern Europe is about Dfl. 350-400 mln.

Although Unilever's operations in Europe are highly profitable, it announced in 1991 a new round of re-organizations.

- \* A provision of DFl. 630 mln restructuring costs for 1991-1993.
- \* Reduction of jobs between 5.000-6.000 (5%).
- \* Implications in all European countries.

## 7. UPDATE OF DECISION MAKING STRUCTURES.

As with all companies, the decision-making structures at Unilever are a mix of regional/geographic demarcation lines and product-activities lines. It is illustrative for the ability to adapt to new market conditions if the history of the changes in these structures is given in headlines for Unilever.

.....- ca. 1970.

The dominant structures were the national management teams. They had first responsibility for all subsidiaries in their countries.

1970 - 1982.

In Europe: formation of product-co-ordinations.

The product co-ordinators (the co-ordination teams) were given first responsibility for all the plants in their product range in Europe.

4 different product co-ordinations were formed in the food sector and 5 other ones for the other activities (detergents/personal products/chemicals.....)

In other regions outside Europe, national/regional management was still held first responsible.

The most important reason to change the European structure is the growing competition on the European market from big US consumer-products groups who behaved from the start in Europe as if it was one market, e.g. Procter & Gamble, Colgate. The European co-ordinations were Unilever's reaction.

1982 - 1989.

Strategic reorientation: global co-ordination of core-activities.

A new differentiation in type of decision making structure developed dependent on the market situation per sector.

Specialty chemicals, a new co-ordination, formed in 1982 had from the beginning world wide first responsibility for all subsidiaries. Regional/-national management had advisory positions but not deciding ones.

Personal products : the same situation

Food : the 4 food co-ordinations were replaced by 3. Two of them were merged and within each of the co-ordinations core-productactivities were selected to steer much better productdevelopment and marketing.

In its reshaped structure Unilever's 'core-activities' split up between:

\* 3 food co-ordinations (Edible Fats/Dairy,Frozen Products and Food



& Drinks), since Sept. 1989 brought under the responsibility of a super co-ordination: the Foodexecutive.

- \* detergents
- \* personal products
- \* specialty chemicals
- \* agribusiness
- \* others, and in this restcategory medical products is a rising group.

The coming to age of global markets in recent years was much more visible in the chemical-related businesses of Unilever than in the food-related ones.

Here was anew the first change in decision-making structures.

In detergents and personal products the co-ordinations have since a few years world wide first responsibility for all subsidiaries.

In specialty chemicals this new structure started already in 1982 when it was founded as successor of the old chemical co-ordination.

The reason is simple: a small group of competitors is selling everywhere in the world similar products under the same brandnames.

The formal position of these co-ordinations is such that they never had any consultation with unions or works councils.

The most important decision making bodies were placed outside the framework in which unions or works councils can consult or negotiate with management.

1989 - .....

#### Reorganization of FOOD EXECUTIVE.

The Food Executive (FE) got its organizational structure in 1990. Now it consists of 5 coordinations: oils/fats/dressings, meals and meal components, ice cream/sweet snacks, beverages/savory snacks, professional market group. In the Food Executive Unilever organized one management body responsible for all food related activities in Europe and North America. A managementteam of 3 senior managers has first responsibility: each one is first responsible for a specific region

## 8. WHAT TO EXPECT IN THE 90-IES ?

The end of the eighties witnessed the emergence of New labour relations within Unilever. These are mainly the effect of production- and labour strategies which are in fact identical all over the world.

Over the last years Unilever started in all regions a combination of new employment policies with similar impacts everywhere:

- first of all by subcontracting many services and even parts of production ( small volumes, new products).
- very tough cost-cutting measures introduced world wide in all production plants under names like Big Scale Value Analysis, Total Systems Cost, Best Proven Practices .
- the computerization of production and administration with the attached introduction of Total Quality Management in all operations.

The effects are:

- a fast reduction of permanent employees.
- a stronger identification of workers with company goals.
- more flexible working times and contracts.
- "new look" contracts in which these new elements are formalized and management by stress will be the standard.

This forms the basis of our expectations for the 90-ies:

### \* Restructuring in Europe

Unilever has made a provision for restructuring in Europe of DFl. 630 mln. All over Europe, 5.000-6.000 jobs will be shed in the period 1991-1993, both in food as in non-food businesses, at all levels:

- in production through: consolidation in fewer plants, specialization of factories, automation, smaller core-workforce, more subcontracting and Computer Integrated Manufacturing.
- in administration by computerisation, C.I.M. and office communication.
- in sales/marketing by centralization sales policies and new organizational structures.

\* These policies will in some form also be reality in other parts of the world. See e.g. the conclusions of the first Asia/Pacific Conference on Unilever.

### \* Further acquisitions and subsequent integration of acquired companies.

- food companies in North America and in the rest of the world.
- emphasis on acquisitions in Professional Market Group: that is the recently formed part that concentrates on production and sales to institutional and professional markets, like hotels/restaurants/catering....
- it is to be expected that the rate of general acquisition activities will be somewhat slowed down.

- \* **Strong commitment to introduction of total quality management concept.**
  - with all the effects included:
    - \* strong commitment to company-goals
    - \* high quality/high efficiency/high profitability
    - \* intensification of work
    - \* high degrees of flexibility
    - \* growing stress.

Total Quality Management requires strong commitment by a core of skilled and loyal workers. In building this commitment, it is important not to let all initiative to management.

- \* **Continuous drive to lower production costs**
  - \* more product harmonisation
  - \* speeding up product innovation and introduction
  - \* high speed flexible production lines

**MAIN QUESTION: HOW TO PREPARE NOW THE BASIC STRUCTURE FOR A STRONGLY ORGANIZED WORKFORCE IN THIS NEWLY ORGANIZED COMPANY IN THE SECOND HALF OF THE 90-IES ?**

Lever Brothers Europe, with its newly formed headquarters in Brussels, has a labour strategy with a European dimension, but denies to have international consultancy. This underlines Unilevers position. It doesn't want an open communicative relation with workers and their organisations. No one else but management only should have power over important decisions regarding production and organization of the plants. Only when unions and shop floor representatives are co-operative and don't built up too strong a position, there is a place for them in Unilever's philosophy of "doing things together". Workers and their unions could do better by trusting on their own force. Co-operation can't exist on a real basis until the unions have built up their positions within the plant to equal the power of management.

**Unilever's main recent acquisitions, restructuring and disposals in the chemical field.**

**1991:**

National Starch and Chemical takes over Mosslerau plant from Ebnoether Holding Elotex from Switzerland (redispersible polymer powders).

Lever Sutter (Switzerland, 600 empl.) sells shoe polish brands and sales organization.

Unilever's National Starch&Chemical takes over Hoechst Resins Canada.

Unilever takes over 80% of Polish detergents manufacturer Polena Bydgoszcz, to be renamed Lever Polska: 430 employees.

Unilever takes over Thai adhesive tape manufacturer Kosmik Santhei.

Unilever stops detergent production in Brazil.

Unilever raises its share in Turkish Lever-Is detergents and cleansers company from 51 to 91%.

Unilever sets up sales-offices in CzechoSlovakia and Poland.

**1992:**

Unilever will launch production of soap and detergents in Hungarian NMV. This company with 3,000 employees, sales \$ 290 mln., will be jointly owned with Ferruzzi's Cereol. Unilever will hold a 80% stake.

Unilever acquires Dutch shampoo manufacturer Andreon

Unilever acquires Czech detergents and soap operations.

Unilever is restructuring US personal products company Chesebrough Ponds cutting about 10% of the 3.400 jobs. This is part of a total restructuring of the personal products US companies, which in 1991 came up with another extra unpredicted losses. Faberge-Elizabeth Arden will also be restructured. However, plans to sell production and marketing rights of Fendi perfume has been abandoned this spring.

Unilever takes over Argentinean soap and detergents manufacturer Guerno (1,500 employees, \$ 90 mln. turnover).

Unilever plans to cut back jobs at its two head offices.

Unilever plans to reorganize German Unichema subsidiaries in Emmerich and

Chicogo in Düsseldorf. Unichema will loose 230 out of 490 jobs (including 110 jobs at oil refinery and 120 at its oleo chemical division will be closed), and also jobs at Chicogo will be cut substantially

Unilever Crosfield Chemie expands granular discilate production in Eijsden, the Netherlands with a new 20,000 tonnes plant. Crosfield already invested in the US and the Netherlands to maintain its leading position in this market

Unilever's main operations in the chemical field.

## Unilever DETERGENTS

### LEVER EUROPE

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U.K.	Port Sunlight Warrington
France	Habourdin Vulbas/Lyon
Germany	Mannheim
Italy	Casapusterlengo/Milaan Pozzilli/Isernia
Nederland	Vlaardingen Zwolle
Austria	Simmering
Switzerl`	Olten Stansstad
Sweden	Nyköping
Spain	Aranjuez/Madrid
Portugal	Sacavem
Greece	Pireaus
Poland	Bydgoszcz

### LEVER INDUSTRIAL

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UK	Port Sunlight High Wycombe Runcorn
France	(Sicca Hygiene) (Otares)
Germany.	Rauenberg
Nederland	Maarssen Enschede
Switzerl	Münchwilen
Belgium	
Sweden	

### LEVER

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U.K. :	Port Sunlight Warrington
France :	Habourdin Vulbas/Lyon
Germany:	Mannheim
Italy :	Casalpusterlengo/Milan Pezeilli/Prov.di Isernia
Neth. :	Vlaardingen Zwolle
Switz. :	Olten Stansstad
Austria:	Simmering
Spain :	Aranjuez/Madrid
Ireland:	Dublin
Sweden :	
Poland :	

### LEVER INDUSTRIAL

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UK.:	Port Sunlight High Wycombe Runcorn
Fr.:	(Sicca Hygiene) (Otares)
Germany:	Rauenberg
Ne.:	Maarssen (Otarès) Enschede (Otarès)
Swi:	Münchwilen
Swe: ?	
Bel: ?	

# Unilever SPECIALTY CHEMICALS

## NATIONAL STARCH & CHEMICAL

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U.K.	Warrington (2x)/Wirral Carlshalton
Nederland	Zutphen Geleen
Germany	Hamburg Neustadt
France	Rueil-Malmaison/Paris

## UNICHEMA INTERNATIONAL

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U.K.	Bebington/Wirral
Nederland	Gouda
Germany	Emmerich
Italy	(Simel)
Spain	Barcelona

## CROSSFIELD CHEMICALS

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U.K.	Warrington/Wirral
Nederland	Eysden
Italy	Verona

## QUEST INTERNATIONAL

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U.K.	Ashford Bromborough
Nederland	Naarden Maarssen
Spain	Barcelona
Ireland	(Biocon)