



# Business' Changing Role in Society

## Doing Well by Doing Good

### The 2012 Hugh Kay Lecture

by Doug Baillie, with Richard  
Higginson's response

Doug Baillie gave the Hugh Kay lecture not in a private capacity but as representing Unilever. Accordingly, he explained that the new consumer demand for sustainability, ethically sourced products and transparency means that Unilever is changing its business model for commercial as well as ethical reasons. Richard Higginson responded by saying that what was missing was mention of the one to whom we are ultimately responsible: God.

Each year the Christian Association of Business Executives (CABE) hosts the prestigious Hugh Kay lecture. The 2012 lecture was given on November 14 by Doug Baillie, Chief HR Officer at Unilever. He began by giving a quick introduction to Unilever – a large multinational with many brands that are household names, products that are used by 2 billion consumers worldwide each day and 53% of its sales in emerging markets. He talked about the changing role of business in a fast-changing world. Many are questioning the value of capitalism; we have over-gearred our economy and planet; trust in government and the corporate sector has collapsed; and technology is allowing consumers a real voice, which they are using to demand change faster than any business, government or other institution can deliver. The 'new normal' in today's world is marked by volatility, uncertainty, complexity and ambiguity. There is a shift of economic power to the East and the South, and a shift of power to consumers through digitisation and social media. Doug spoke of 'the end of the age of abundance': the pressure on the planet cannot be sustained,

two billion lack access to safe drinking water, and one in ten adults of the total world population are obese while one billion go hungry. We are at a crossroads. Our path must be sustainable living and our destination sustainable growth. Doug suggested that the choices we need to make are actually easy, but the journey is difficult and necessary.

To address the 'new normal' Unilever has adopted a new business model. This entails a move from building shareholder value to what it calls 'shared value'; a move away from preoccupation with quarterly results to a focus on the longer term; a recognition that a bigger complex agenda needs a more collaborative form of operating; living in a Wikileaks world requires honesty and transparency; and an acceptance that companies are accountable for the impacts they create. Their business model is summed up by Paul Polman, Unilever CEO: '...because the business case is so strong, sustainability is built into every aspect of the way we run and organise the company...' Unilever's vision is to double its growth while halving its environmental impact by 2020. Sustainable, ethically sourced products are ►►

►► increasingly demanded both by individual consumers and corporate customers. The drive for greater sustainability is fuelling innovation. Unilever is working hard to reduce the amount of energy and water used in washing clothes through concentrating liquids, compacting powders, and encouraging consumers to wash at lower temperatures. Its new *Comfort 'One Rinse'* fabric conditioner reduces by a third the water needed for rinsing clothes. It is fighting diarrhoea and water-borne diseases in the developing world by promoting its *Pureit* in-home water purifier and *Lifebuoy Soap* for washing hands – already reaching 48 million people with this programme. At the end of 2012 Unilever claims to be on course to meet its target of 100% sustainable palm oil.

New forms of leadership and behaviour are required for this new model of business: purpose-driven leadership, entering into partnerships to solve challenging issues, and leaders operating in total transparency. Responsibility is the hallmark of the day. Doug quoted Viktor Frankl: 'freedom is in danger of degenerating into mere arbitrariness unless it is lived in terms of responsibility'. Business must be wholeheartedly committed to doing good, but in the new order of things it can actually combine this with doing well – with commercial success.

### Richard Higginson's Response in reply to the lecture

As a CABE Trustee, Richard said how much he'd enjoyed Doug's presentation. It is good to learn of the impressive vision, sense of purpose and specific targets that are marking Unilever's current activity - in particular its focus on sustainability - which represent a return to the company's ethical roots.

From a Christian perspective, what is missing is mention of the one to whom we're ultimately responsible: God. As well as consumers and customers wanting sustainability, God wants it – he expects us to be responsible stewards of his creation. God made a world rich in natural resources which can be developed for many useful

purposes. There's a paradox here. For most of history, human beings underexploited the world's resources, especially the fossil fuels of coal, gas and oil. Since the Industrial Revolution we have overexploited them, and certainly not distributed them fairly. Hence the crisis we are experiencing today. The crisis is so severe that, even if we take drastic corrective action and go down the route Unilever is advocating, change to renewable sources of energy and so on, much of the damage to our planet is already done. Whatever happens from now onwards (and Copenhagen 2009 showed how hard it is to get international agreement about action), temperatures are set to rise, ice flows are already melting, the climate is changing. Faith in God will be a crucial attribute – not a passive faith which sits back and does nothing (it needs to be a faith which prompts us to take necessary action) but faith which trusts in God to take care of the world he's made. Human beings mustn't abdicate responsibility for the earth, but we can be confident that the God who made this earth and loves it won't abdicate responsibility either.

Richard commented briefly on some other parts of the lecture. Doug said that choices are easy, only the journey is difficult. Is that really true? Connected with that, why the aim to double Unilever's size? Won't this create hard choices? It will be surprising if over the next few years Unilever doesn't have *some* hard choices to make between its financial goals and its sustainability goals. That is the nature of our fallen and finite world. If there is a choice, which way will Unilever turn? Recent history shows that arbitrary and unrealistically high financial goals have led some companies astray ethically.

Finally, what is 'shared value'? Value that is in all our interests? Is it so easy to establish this? There wasn't much sign of that at Copenhagen. Different countries at different stages of development see problems in different ways and prioritise things accordingly.

Doug Baillie's lecture was certainly one that provided plenty of food for thought. ■

*Doug Baillie is Chief HR Officer at Unilever. Richard Higginson is Director of Faith in Business at Ridley Hall and a co-editor of this journal.*

