



## CHANGING HABITS

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**When one of Unilever’s key Australian sites faced closure, the multinational decided to get personal. Now there’s cautious optimism about a turnaround.**

If anyone hails a corporate change program as a real breakthrough, it’s time to get wary. This is a space littered with brave intentions and failed but expensive experiments.

Every management consultant claims they have the key to successful organisational change, and the bookstores are crammed with case studies and packaged advice.

Add the name of management guru Peter Senge to the mix, with his ideas on the awakening of consciousness and “presencing”, and alarm bells may start to ring.

Sean Bowman has seen a few of these attempts, and even some that almost worked. But he admits the recent program at Unilever Australia – called Leading for Growth (LFG) – has left him cautiously impressed. And as he’s only been in the role of HR vice-president of the company for a few months, he’s not defending his own work.

LFG is designed to get leaders to envisage an impossible future, and then give them the tools and experiences to turn that theory into reality.

The program was already in place when Bowman started in the role last August, after several years in a similar role at Lion Nathan. It’s a risky and innovative program, he says, even for one of the world’s largest conglomerates.

“It’s a variation of a global program Unilever has, which has been a great success in India where it was launched,” Bowman explains, adding that it’s still early days.

“It’s a major breakthrough but it’s only the beginning, and whether the gains that have been identified will be delivered and whether the culture change will be sustained over time and translate into a broader working environment is yet to be seen.”

The program has been co-ordinated by Unilever Australia's organisational transformation manager, Michael Hann. He worked with Unilever's London organisational transformation team before applying some of the thinking in Australia. (Hann left Unilever at the end of 2005 to set up a consultancy, which will continue to work with the company.)

### **A QUESTION MARK OVER THE WHOLE SITE**

With a significant investment by Unilever, Hann was able to trial the LFG model on a management team from a section having real problems. There was even talk of this business – which manufactures a household brand – being closed down due to a combination of competitive pressures, IR problems and rising costs. (The company declined to identify the site.)

“Where we were at was a dire state,” Bowman admits. “There really was a question mark over the whole site and whether the environment was sustainable.”

Hann had worked in London with a global team on the Dove Campaign for Real Beauty (with another Australian, Erik Zimmerman, now ANZ's head of learning).

Dove's transformation opened the executive team's eyes and made them change their approach in the women's image area, says Hann. A version was also started in India, where growth had stagnated for four years, Zimmerman says.

The programs followed on from Unilever's Path to Growth strategy, which trimmed 1600 brands to 400 and aimed to make the company more agile. Unilever spends millions of pounds each year on learning, Zimmerman says, which is now designed to help employees and management become more collaborative and creative in a fast-moving knowledge economy.

“It's a very different way of interacting, and the company recognised that and created my role around team-based learning,” says Zimmerman. The Dove program, which involved the company ditching skinny models in favour of “real” women in its marketing, was hugely successful, he says, and resuscitated the brand. In India, the change program helped move the business into double-digit growth.

The Australian culture change program draws on a number of sources, including the framework Senge and his co-authors outlined in their 2005 book *Presence: An exploration of profound change in people, organisations and society* (Nicholas Brealey, 2005).

“We used the presence model and something called the U process [see box on next page],” says Hann. The aim was to make the leadership group believe they really could change the business and ensure its survival.

“LFG shifts people from a pattern of downloading the past, which exhibits as habitual patterns in the way they view others and the system. There are four pieces: personal, interpersonal, organisational and societal change.”

Through a series of seminars, coaching and residential courses, the management group were guided and assessed while being encouraged to look beyond their own patch to the way they fit in with the system and broader society. External speakers in leadership roles from many different walks of life talked to the group, which also examined some case studies of similar work in Australian companies, including Qantas' engineering division (see AFR BOSS, March 2004).

Unlike many change programs, the format is not prescriptive, says Michael Hann, and allows the managers to return to their roles and use their own methods to shift operations and attitudes.

At one stage the group sat down with union representatives and an external facilitator to try to resolve issues around some continuing areas of conflict. The result was hailed as a success by both sides and may well have headed off a likely court battle.

The site had suffered from longstanding tension and poor communication with union representatives. This new approach – because it involved a joint review of the operations instead of a management-only edict – avoided narrow cost cutting and substantial job losses.

“Getting this [union problem] on the table was a big thing in itself,” says Hann. “This part of the business has had eight business teams in the last few years. From an executive level this has worked and developed a bottom-line result. They had a serious union issue for seven years. We got them in a room with the union and had a breakthrough. Halfway through this phase the group was seeing the world with fresh eyes.”

The group was brought into a workshop for four days in the middle of the program. Coaching was used to help members then translate what they were learning into action. While the coaches were external consultants, most of the team running LFG were in-house.

“The trouble with the consulting approach is you go straight into the vision without doing the other work,” Hann says. “We spend the next couple of weeks converting it into action. Then they have 16 weeks to develop a prototype of the future for them and the system. The key part of this is sustainability. So many of these programs are not sustainable.”

There were plenty of sceptics but results have surprised even the wary. The program has generated significant savings and next year it is expected to cut another \$9 million in costs. It has reduced manufacturing costs by 20 per cent and averted large-scale redundancies.

Says Hann: “Now we are creating a pilot for the following year. It's an expensive program – about \$500,000 has been invested in LFG – but we will bring them together quarterly.” Unilever is also considering at least one other site in Australia to apply the format.

## **IT'S THE SYSTEM**

From coining the terms learning organisation and systems thinking, Peter Senge has moved his attention these days to sustainable organisations.

Comparing the modern corporation to a cancer that pursues growth for its own sake, the MIT-based academic and consultant advocates a new way of applying systems thinking beyond the business boundaries.

In *Presence: An exploration of profound change in people, organisations and society*, Peter Senge, and his co-authors propose a much broader framework for understanding and changing organisations for the global good.

The book examines a series of conversations the authors have had with executives and scientists about breaking down habits and thinking differently to solve global challenges.

Corporates need to understand the range of ways they impact on society and the world and move beyond traditional, narrow organisational paradigms.

Using a systems view to engage with other parts of society is not just desirable but essential for survival, Senge suggests. Just as crucial is the role of individual awareness in understanding the broader picture and the need to break down the habitual patterns of behaviour that hamper change.

Tools for this conversion are outlined in *Presence*, which takes systems thinking – understanding a problem or the way a production line works from the broadest perspective – and applies it to communication methods.

Decentralised leadership, the authors say, allows people to work together for common goals and puts human values at the centre of any company.

## **THE PROCESS**

The U process is a model based on work by a number of writers and consultants to help leaders manage and create change in organisations.

Claus Otto Scharmer, a co-author of *Presence*, has written extensively about the process, which involves helping a group to see the system they operate in and how it relates to broader frameworks.

The U Process has three phases: sensing, presencing and realising. The three stages are reflected in the Leading for Growth program at Unilever Australia.

Sensing involves examining the group's current thinking and awareness through downloading and examining habits; presencing is about reflection and analysis to reach a new way of understanding the individual thought processes and the system; and realising is applying and translating this broader approach into action.

Scharmer is publishing a book on the process, tentatively titled *Theory U: Leading from the emerging future*, due out this year.