



The leadership diversity puzzle

They say it's never a bad time to invest in leadership. But is that still true, even during the worst economic downturn since the Great Depression? Unilever, the food and personal care products giant, thinks so and is putting its money where its mouth is.

Earlier this year, Unilever donated three million euros to INSEAD to establish a research fund to study leadership, especially gender diversity in leadership, an issue of particular concern to the company.

"If we can only solve the gender diversity issue in our business our talent supply issues will be a long way in the direction of being solved," says Unilever's Chief Human Resources Officer **Sandy Ogg**. "For us, this incredibly strategic investment is about the quality and quantity of leadership supply that we have available."

Speaking in the closing dialogue of the INSEAD Leadership Summit Europe 2009, Ogg said Unilever hires 1,000 graduates every year, of which 55 per cent are women. But that percentage declines in the following years until women make up only eight per cent of senior leadership. This is a statistic that baffles the company.

"Eighty per cent of our consumers are women so this should be a cool place for women to work, so there's something wrong," Ogg says.

The company has been working to resolve the issue since 2004 when it issued its first profit warning in 75 years of operation. As a result, Unilever decided it

had to change. It was too slow, its systems and processes too complex, and its management population too bloated. Among other strategic measures taken, the company trimmed the number of senior managers and went from a joint chairman arrangement to a single CEO.

The company also introduced a new set of behaviours called the Standards of Leadership, which were designed to focus the organisation on behaviours that would support the new strategy. These standards included having a global mindset and external orientation, as well as a focus on talent.

In the first 18 months of the shake-up, the company replaced 73 of its 100 senior people. By the time the self-examination was complete, the company had fired half of its top 1,000 leaders.

Since then, Unilever has taken several other steps to increase leadership diversity. For example, because advancement in the company demanded a high level of sacrifice, Unilever now takes into account family considerations and has greatly reduced the amount travel required by managers. "We said we are going to take a big stick to travel," says Ogg.

Unilever, which has active operations in 88 countries, decided to reduce travel by 50 per cent

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across the board. It is doing this by using advanced video conferencing technology. Last year, it installed video conference units in seven locations and imposed a mandatory no-travel policy in those locations. After holding around 600 meetings by video, the company saved five million dollars, Ogg says. This was incentive enough to expand the programme.

“Now we’ve decided to invest in an additional 50 (video units) this year and an additional 50 next year,” Ogg recounts. “We think this is the best way to reduce costs but also to have people go home at night. We want people to go home. And we’ve even been thinking how we can do our business without travel -- period.”

But reducing travel is not enough. The company has also introduced an initiative called “One More” which encourages senior team leaders to add one more woman to their teams in a leadership position. “At the top, the issue is we are not picking the women,” Ogg explains. “So we said to the top leaders, in the next 18 months you have to put one more woman on your team – mandatory.”

Despite the improvement these steps have brought, Ogg says Unilever has only partially achieved its goals. “We worked really hard from 2004 to the end of 2008 to restructure the company but if I were to describe our progress I would say that we worked really hard and we won the bronze medal,” he says.

“If you look at the demand for leadership in our organisation in terms of quantity and quality, as it stands today, the quality is better and the quantity has improved,” says Ogg. “However over against the standard to win the gold medal, we have neither the quantity nor the quality.”

Today, Unilever has a new team of top leaders including new CEO Paul Polmon, all of whom are not satisfied with the bronze medal but are determined to win that gold medal.

Ogg was joined in the dialogue by **Herminia Ibarra**, the Cora Chaired Professor of Leadership and Learning at INSEAD and Director of the INSEAD Leadership Initiative. Ibarra is also the Gender Diversity Advisory Committee Chair of the INSEAD Gender Diversity Initiative, which will use the Unilever research fund to study how gender diversity can support Unilever’s leadership development challenges.

“We are going to start by looking at that very high-potential pool that has been identified,” she says, “looking at both men and women, looking at what are the needs as this tranche of people moves into a very strategic leadership role, or not, in a very uncertain and turbulent world.”

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