

Organisational Transformation

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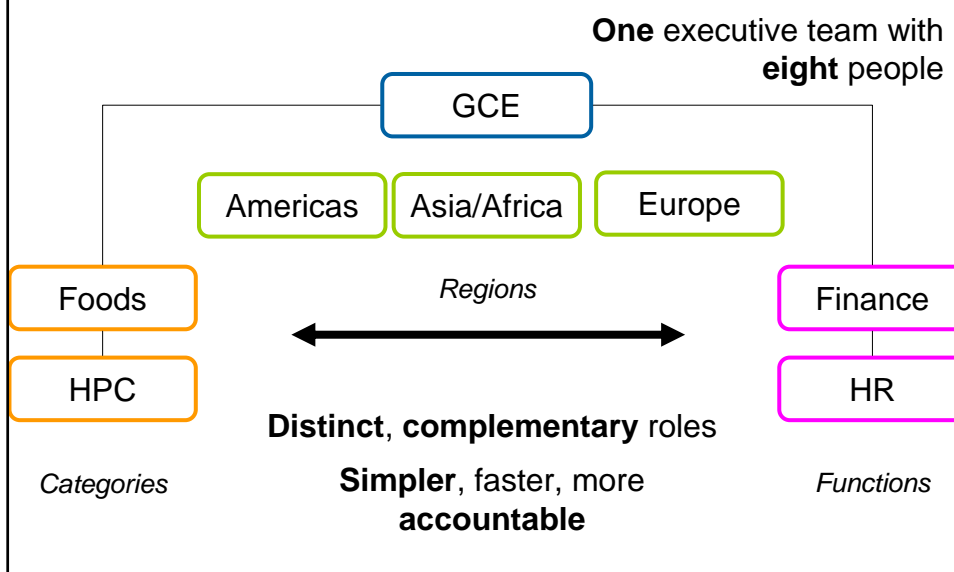
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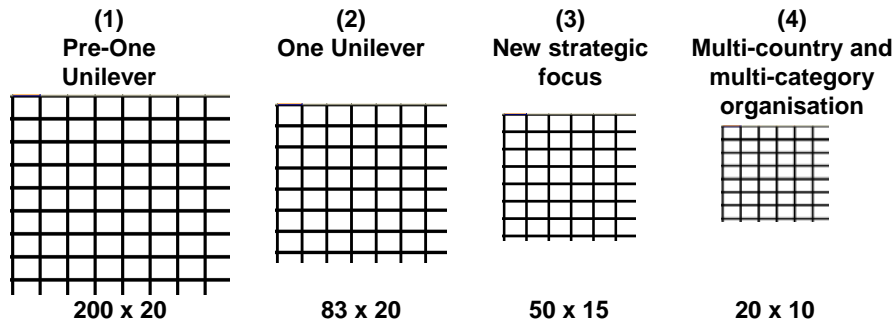
Principles

1. Simpler organisation
2. Performance culture and changing behaviours
3. Improved productivity
4. Accelerating the transformation

Simpler organisation – To support the business strategy and growth agenda



Simpler organisation - Benefits of new strategic focus



- ↑ Increasing clustering
- ↓ Reducing touchpoints
- ↑ Speed of decision making
- Follow the money

Performance culture

- I. Organisation performance
 - Strategy Into Action (SiA) process. Drilling down alignment through the organization
- II. Individual performance
 - Mapping individual workplans to SiA
 - Shorter, sharper performance reviews

Performance culture Aligning reward to strategy

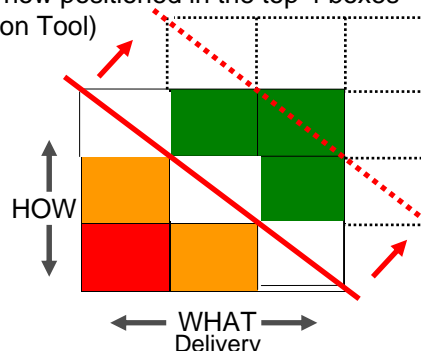
- Increased emphasis on performance based rewards
- Annual bonus linked to - underlying sales growth; economic profit; and individual contribution as aligned with the business based Strategy Into Action (SiA) scorecard
- Longer term stock incentives linked to growth; free cash flow generation; relative TSR vs. peers
- Share ownership requirements for all top management
- Rebalancing Fixed/Variable pay elements -- tight control on salary inflation; switch from DB to DC pensions (ie, UK; US)
- Reward based business targets aligned with our goal of being top third in value creation

Performance culture Differentiation and raising the bar on talent in key jobs

- Of the current senior leaders, **85%** are now positioned in the top 4 boxes on the LDT (Our Leadership Differentiation Tool)

SVP LDT Positions Feb 2006

Top Boxes (Green) = 50%
Middle Boxes (White) = 35%
Bottom Boxes (red/amber) = 15%



- Taking a strategic view to align of key roles, key talent and investment

Top 50 Roles			
Role	Incumbent	Investment	Shareholder Value Creation
		\$\$	\$\$

**Driving up the
quality of
leadership**

Changing behaviours Changing culture

Standards of Leadership

- Global Mindset
- Real Accountability
- External Orientation
- Action not Debate
- Team Alignment

Plus

- Build Superior Talent

- Not a competency model
- The behaviour changes required for us to win - Making the business model work
- Aligning culture with strategy

All SVPs will have 360° feedback in 2007

Management productivity Fewer, bigger jobs, fewer managers

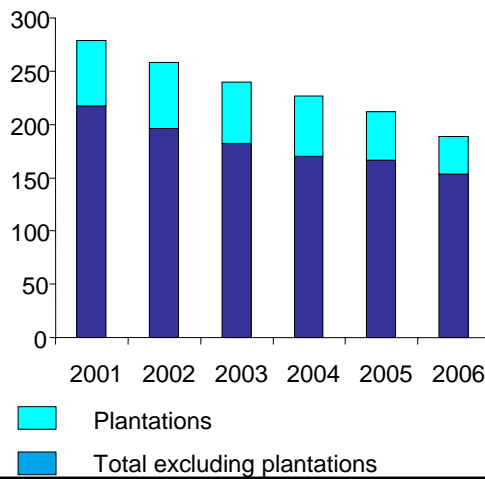
- We committed to simplify the organization
- There are now significantly fewer leadership roles

	Jan 2005	End 2005 % Reduction	End2006	% Reduction	Target 2007+	% Reduction
SVP's	186	20%	123	34%	< 100	46% +
VP's	978	18%	648	34%	< 600	39% +

- Roles are broader in scope and responsibility
- Leadership requirements and expectations are higher
- Increased competition - external recruitment, diverse candidates and increased list cover targets at VP level (150%)

Improving productivity Employee productivity

Number of Employees



Turnover per employee*

	€000's
Industry average	250
Industry highest	400
Unilever:	
North America	517
W. Europe	348
Rest of world	179
Total	258

*excluding plantations

Accelerating the transformation Sharpening the focus

Revenue growth	Cost reduction	Supporting enablers
Operationalising the Strategic Plan (SiA)	Outsourcing	Cultural change
Marketing transformation	Productivity	Reward
Customer development (Win with Customers)		PMO (e.g. metrics, IT)
Innovation effectiveness		

Principles of acceleration



- Follow the money
- Prototype to prove value
- Hard wire
- Measure success based on value created
- Ensure we have an active feedback loop (relying on SIA)