Why Purpose-Driven Leadership Matters Now More Than Ever:
A Q&A with Paul Polman
Paul Polman’s decade-long tenure as Unilever CEO redefined the meaning of good business. From his first day in 2009, he set ambitious goals for the now-$57 billion maker of household goods that put purpose on par with profit. That meant multi-stakeholder capitalism, in which focusing on the interests of employees, suppliers, retailers and the environment would ultimately benefit investors, and the Unilever Sustainable Living Plan (USLP), a set of commitments based on the United Nations’ Sustainable Development Goals (SDGs) to improve social impact in tandem with boosting sales. During his tenure, Unilever outperformed its industry on both the top and bottom lines and delivered an impressive 290 percent shareholder return.

Though some initially questioned this primacy of purpose, Unilever made remarkable progress over Polman’s 10 years on many commitments such as improving health and well-being for an incremental 650 million people, driving sustainable sourcing up to over 65 percent of the total and moving to green energy and gender equality. It was consistently ranked number one on the Dow Jones Sustainability Index, and sustainability research firm GlobeScan put its corporate reputation well ahead of other highly respected companies.

Since retiring from Unilever in 2019, Polman has focused his efforts on helping other companies find similar success. At the request of the UN Secretary General, he is one of 17 SDG Advocates globally and co-founder and chair of IMAGINE, a benefit corporation and foundation accelerating business leadership to achieve SDGs. He serves as vice-chair of the UN Global Compact, to which Russell Reynolds Associates is a signatory. He is also chair of the International Chamber of Commerce, The B Team and Oxford Saïd Business School.

Recently, Polman spoke with Russell Reynolds Associates consultant Simon Kingston, co-leader of the firm’s nonprofit sector, about how he scaled purpose-driven leadership within Unilever and why the COVID-19 crisis is heightening the need for leaders to reorient their businesses around basic humanitarian values.

“This is a leadership moment that will separate those who are sincere about a more responsible business model from those who just pay lip service to it.”
**SIMON KINGSTON:**

Was there a moment that led you to say, “The way I lead my commercial life is going to be informed by this focus on sustainability”?  

**PAUL POLMAN:**  
For me, sustainable development is first and foremost about inclusion and living in harmony with planet Earth. Human health and planetary health go hand in hand, as the recent COVID virus reminds us once more. When you fight for equal opportunity for everybody, for example, for people to have access to education or food or clean drinking water, you fight for basic human values, which are the bedrock of functioning societies—dignity and respect, equity and compassion. Any time you violate that, as we’ve seen so often in the past 20 or 30 years, people suffer. It makes us all responsible. If you know that climate change kills eight million people a year, and you then continue to be a contributor to climate change, you are complicit. If 826 million people still go to bed hungry and you waste food, you are also part of the issue. If you continue to buy from irresponsible companies that encourage slave labor or pay less than fair wages, you are equally irresponsible.  

There are some of these human values that I think we’re given very early in our lives. I’m very grateful for my parents; they really had these broader values. Partly as a result of my religious upbringing as well, I’ve always felt that our duty here in this world is to serve others and simply make it a better place than we found it.

**Did you always feel able to express those values at Unilever?**

The reason I joined Unilever very simply was because the company founder, William Lever, had the same philosophy. He didn’t build this company for the shareholders. He built this company with brands like Lifebuoy or Sunlight to address the problems of Victorian Britain, especially, at that time, the problem of hygiene. If you look at the history of the company, for example, building housing in Port Sunlight for the workers and leading the introduction of universal pension provision in the UK, or taking on the name of his wife in the House of Lords, his stance was quite revolutionary and seen by many of his business contemporaries as an outlier. The USLP was simply about going back to the company’s roots, what Lord Lever called shared prosperity.  

Over time, the company had become, like others, too dominated by the primacy of shareholder interests. When I came, it needed to go back to its roots and make sustainability an integral part of our business model—to make it, in fact, the strategy.

**Your work at Unilever was inspiring to many. What were the skills you looked for in the leadership team you built around you?**

Obviously we need all the basic skills required to run a company. But I always say, “A good leader is first and foremost a good human being.” That’s a very important part. And the second is being purpose-driven. You need to discover your purpose because it’s that purpose that gives you energy. Hopefully the company purpose reinforces yours and you help reinforce the company’s. It’s a symbiosis that makes you feel at home and helps you be successful. Also key is to create an environment where each and every one can develop to his or her fullest potential.

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1 Lever took the unusual step of combining his last name with his late wife’s maiden name, Hulme, to honor her when he became a baron in 1917. He was ultimately known as 1st Viscount Leverhulme. https://leverhulme.net/our-history.
In terms of the internal organizational mechanics, how did you build a commitment to sustainability into the culture and throughout such a large organization?

I started the first year working with Bill George, former chairman and CEO of Medtronic and author of *True North*, to train our top 100 people on learning to understand what makes you tick: your values, your purpose in life, your crucibles. We also spent a lot of time at the beginning figuring out what the values of the company were. Everybody said, “We know our values,” but when we asked them to write them down, it obviously wasn't so clear.

The USLP was the framework we developed for the business to measure our progress against the Sustainable Development Goals. This was the basis for both corporate and individual performance measurement and reward.

The second year, we used those 100 top people to train the next 500. That gave the 500 an opportunity to learn what the leaders learned, and it gave the leaders an opportunity to put their purpose into practice. Then the third year of the cycle was to get results, where we identified big challenges that we had to address, leveraging our purpose. By that time, it was rolled down to about the top 3,000 or 4,000 in the company, a very managed, disciplined rollout of these processes.

Everybody had to develop their personal mission statements. Then in our training, assessment plans, calibration, we embedded these things very much in there and updated them along the years as we gathered our own learnings. It made some people change career paths or apply for other job opportunities, and it got people into the right spaces.

I would never say we achieved 100 percent buy-in of the full organization, despite very high engagement scores, but I would say what really tipped it for about 80 percent is when we could show that it was actually linked to the better business results.

How many people resisted that idea?

Well, it’s not about resisting or not. There are different types of leaders who all embraced it to different degrees.

The majority of people were attracted to Unilever’s purpose. Some people had purposes that they discovered were not fully aligned with the company’s direction, which made them decide to go somewhere else and make very successful careers, and they’re much happier. Some we had to encourage to leave, as they pulled the system down.

How about from the recruiting perspective—did you actively seek out people who aligned with Unilever’s purpose?

Yes, 100 percent. The recruiting criteria were very much driven around purpose. Are we recruiting people who really care about these issues? And are they able to understand the complexities of these issues, the dichotomies involved and how to distill them down to simple action steps? Have they shown ability to work in broader partnerships? Are they systemic thinkers? Not surprisingly, we ended up hiring quite a lot of people who had worked in the NGO community and they did very well in our company.

For the leadership team, we also wanted them to be ambitious and audacious because the targets we were setting, we didn’t know how to achieve them. So we didn’t want leaders who were just playing it safe or simply not to lose. We wanted bold and courageous leaders. You could see these values in the personal lives of many of these leaders; they cared about these social issues. I call it whole leaders versus half leaders.
How long did it take to prove this was good business and to embed the Unilever Sustainable Living Plan?

When I joined in 2009, there was a lot of opportunity to move the company forward, since the company had been declining commercially for over 10 years and had underperformed versus its competition. We put a lot of emphasis on growth initially and made decisions that brands should be managed in a radically more sustainable way. For probably the first three or four years, we were celebrating the growth, and linking it to the new business model, but the data to prove the link was not yet fully there. It was an act of conviction you might say—of simply doing the right thing.

What was clear from the early stages was how attractive our people found the message. Over two million people a year started to apply to us. We were the third-most looked-up company on LinkedIn after Google and Apple. We became again the number one employer in most countries, and staff engagement scores were consistently in the top tercile. So we unlocked something in everyone: a sense of purpose but also a sense of belonging to a mission that is bigger than any one of us individually.

By 2015 and onward we had more and more data to show the commercial advantage: The brands that had a higher level of purpose than others were growing twice as fast and were more profitable. The engagement resulted in better resilience, sustainable products were increasingly rewarded by consumers and green energy saved us money. By then I believe the organization started to buy in more fully and the external market became increasingly aware.

What were the biggest friction points in terms of execution?

Where the friction came in was mainly in the “how.” It’s easy to tell management “we need to do this and do that,” but then there are other pressures. Sustainability has trade-offs just like top-line growth has trade-offs with bottom-line growth. So that’s where the tension is, and we as an executive team tried to relieve it. Most leaders delegate complexity downward; I feel it should be just the opposite. You should delegate complexity upward. We said to people, “It’s not a sign of weakness if you can’t manage these trade-offs. You should just bring them to our attention so we can manage that within the total company.” So you need to spend a lot of time on building the capabilities and providing the capacity and funds to let an organization do its job.

At the corporate level, it was a little easier because we just made directional commitments and didn’t allow them to be challenged. These included commitments to green energy, zero-waste factories, sustainable sourcing, minimum wages, tax transparency and putting our pension funds and our other investments under longer-term remits with fund managers.

“We certainly can use this crisis to come out in a much better place.”
You were one of the first and few CEOs to orient your company around the UN’s Sustainable Development Goals. Now that you’re working with the UN to help others implement them, what do you observe?

For most companies, the SDGs are still mainly about the environment: deforestation, sustainable agriculture, no emissions or clean drinking water, and that’s important. I think the social side is equally important, and even today it is very difficult to get many companies involved in that—things like slave labor and child labor in the value chain. You have human rights and fair living standards; lack of commitment to these is being shown now with COVID-19, which is challenging our social contract. You have lots of people exposed without sick pay or access to medical care, and many in the marginal economy without wage protection, all revealing the ugly side of our economic system.

This is a leadership moment, I think, that will separate those who are sincere about a more responsible business model from those who just paid lip service and knew how to play the game. To paraphrase Warren Buffett, “When the tide goes out, you see who has a swimming suit on.” This is now playing out in front of us.

How do you see COVID-19 affecting leaders’ commitment to sustainability and purpose more generally?

I think we have discovered once more that our current economic system doesn’t quite work and that we are first and foremost all connected as citizens of planet Earth. We have a common crisis that we face, and we’re discovering that we cannot solve that individually.

Global expectations for companies are higher now. There is less tolerance of unethical behavior and the COVID-19 crisis has shown it already. Companies that have taken the wrong decisions during this crisis have been called out. The companies that are quick to lay off employees or raise prices—that’s short-sighted. Why not work with the industry, work with governments, to see if there is a better solution first?

Then you have a company like Unilever floating a bond because they have the credit capability to get it and making £500 million available in loans to suppliers in the value chain where banks fail. You can see which companies are authentic, and these values, this holistic, moral leadership, will come out as being more of an important factor in the future landscape than it was in the past.

Currently I’m encouraged by the positive side: The companies that are trying to do good far outweigh the companies that are price gouging or focused only on shareholder returns.

If we are leaders of tomorrow, we can really decide ourselves what we want to be and design the future the way it should be. That’s our responsibility. We might not achieve all these objectives, but we certainly can use this crisis to come out in a much better place.
Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today’s challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients solve their most complex leadership issues. We exist to improve the way the world is led. [www.russellreynolds.com](http://www.russellreynolds.com).