

Talent management as a business discipline: A conversation with Unilever CHRO Leena Nair

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HR leaders can leverage people analytics to play a key role in aligning talent with value creation, says the global consumer-goods group's chief human resources officer.

With 169,000 employees in more than 150 countries, Unilever operates globally and at scale. The consumer-goods group's brands range from Lipton tea and Magnum ice cream to Surf laundry detergent and Dove skin care. Under the leadership of Paul Polman, chief executive since 2009, the Anglo-Dutch group has sought to drive growth through innovation and by actively reshaping its portfolio while reducing operational complexity and focusing on sustainability as a key theme.

Leena Nair, chief human resources officer (CHRO), joined Unilever in 1992 as a management trainee. Prior to taking on her current role, she was the group's global head of diversity and inclusion. She says, "If you look at a competitive advantage that a company truly has, it is really only the ideas, the ingenuity, the passion of its people. Because everything else can be matched."

In January 2018, Nair sat down with McKinsey Publishing's Rik Kirkland to share her views on how HR leaders can play a key role in driving value creation by leveraging data analytics, focusing on the most important value-creating roles, and developing a close partnership with finance teams. The interview took place on the sidelines of the annual meeting of the World Economic Forum in Davos, Switzerland.

Interview transcript

McKinsey: How do you view the relationship between the HR function and the finance function?

Leena Nair: I believe that the CFO and the CHRO have to be very close. Their agendas have to be intertwined. Graeme [Pitkethly, Unilever CFO] and I have ensured that a key finance person from his leadership team sits on my HR-leadership team and that key person from my HR-leadership team sits on his finance-leadership team. We also make sure that we have regular catch-ups, both with each other and with the CEO, to ensure that we're looking at business strategy in totality.

We're discussing how we want to deploy investment into certain countries, markets, and categories but at the same time seeing if there's organizational readiness. Because if you invest but the people are not ready—if there's not enough talent and capability there—we will never see the investments being turned into reality. So, making the strategic investments in financial capital and human capital at the same time is really important.

McKinsey: Can you give some examples of how this works in practice?

Leena Nair: When we have defined our key strategic levers for the year, we ask ourselves, "Which are the five or ten or 15 roles where the biggest impact of value creation in the business could be seen?" Then we use analytics to see whether we're putting the right people into those roles.

For example, we look at what we call "stubborn cells"—parts of the company where we haven't seen the traction and performance we would like to see. And we look at the talent that we're putting into those roles, the teams we're getting ready to take on these challenges. How equipped are they? What's their level of readiness? What's their level of capability? What's their level of experience? What's their level of passion and perseverance?

So, we look at these human dimensions through the data analysis we have and also look at the business challenges. Then we're able to say that, for example, "This team created value equivalent to €100 million." We're able to link the appointments and placements of talent to the actual value creation that's happening in the business.

McKinsey: Are you focusing mainly on key leadership roles in the organizational structure?

Leena Nair: Increasingly I find that we need to be far less hierarchy-conscious in the way we think about value creation. Often the value is being created in roles that are probably two or three clicks below the CEO.

In Unilever, we are creating multifunctional, empowered teams, which are actually the front-facing teams looking after a particular category in a particular country. In many cases, you find that the person in the country handling the P&L [profit and loss] might not be very senior in terms of hierarchy but is in the most important role to create value as part of one of our key strategic thrusts.

McKinsey: What role does analytics play in these conversations and decisions related to value creation?

Leena Nair: Most of the measures that you see HR teams looking at are very internal measures. What bench strength do we have? How many people do we have on a talent slate? These are very internal measures that don't tell you what difference it's making to the business. At Unilever, we are using people analytics to change this.

We are, for example, the number one employer of choice in 44 of the 52 markets we recruit in. This is great. It's also a number I like because it's externally measured, based on Nielsen

Universal. But with the power of data and analytics, I'm able to connect the dots and show that in markets where we are more attractive, we are attracting the right kind of people, our costs of recruitment have fallen, our conversion rates have gone up, our recruitment yield is better. So, suddenly, I'm able to show the business that we're saving €15 million because of the sheer strength of our employer brand in some of our key markets.

These are the kind of conversations that HR leaders must hold themselves and their teams accountable for.

McKinsey: The Unilever Sustainable Living Plan has been one of Paul Polman's signature initiatives. What does the data tell you about the business impact?

Leena Nair: I passionately believe that the future is about meaningful work and purposeful work. Because the pace of change is so fast, people do tend to be overwhelmed and threatened. One of the things that can give them anchor is a sense of meaning and purpose in their role. It is a key part of our talent strategy to help people discover their own purpose and therefore deploy them into the roles where they can live their purpose.

And I see the results in our employee surveys. Ninety-two percent of people say that they're proud to work for Unilever, they want to work for Unilever. Employee-engagement scores are higher than any of our peer and benchmark companies. I see that in the retention numbers—our talent attrition is far lower than the market in almost every market we operate in.

So, I see the impact of what a meaningful purpose does to employee engagement, motivation, attrition. And I passionately believe that companies with purpose last, brands with purpose grow, and people with purpose thrive in uncertain times. □

Leena Nair is the chief human resources officer of Unilever. **Rik Kirkland**, a partner in McKinsey's New York office, conducted this interview.