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**Accounting 2**

**Management Control System**

**Final Exam**

**Case Study: Unilever**

**Helping to protect lives and communities during the Covid-19 pandemic**

World Health Organization (WHO) declared the coronavirus outbreak, which first appeared in the Chinese city of Wuhan in late December, a global pandemic.

To date, more than 2,579,748 people have been infected worldwide, with more than 179,047 people dying from COVID-19, the disease caused by the novel coronavirus.

Infections, the rates of which have accelerated since the outbreak began, have touched nearly every corner of the world and prompted unprecedented and widespread travel restrictions and business closures that threaten a global recession. At least three billion people, have been ordered to stay home.

Even as new cases in China have dropped dramatically, leading to the easing of many restrictions, places such as United States, Spain, Italy, France, Germany, UK and Turkey they have become new hot spots for the virus, for which there is no vaccine or proven treatment.

The speed and severity with which the virus has swept across the planet have left international organizations, governments and individuals reeling.

**Unilever**

Unilever is a British-Dutch [transnational](https://en.wikipedia.org/wiki/Transnational_corporation) [consumer goods](https://en.wikipedia.org/wiki/Fast_moving_consumer_goods) company co-headquartered in [London](https://en.wikipedia.org/wiki/London), England, and [Rotterdam](https://en.wikipedia.org/wiki/Rotterdam), Netherlands. Its products include food, energy drink, ice cream and beverages (about 40 percent of its revenue), [cleaning agents](https://en.wikipedia.org/wiki/Cleaning_agent), [beauty products](https://en.wikipedia.org/wiki/Cosmetics), and [personal care](https://en.wikipedia.org/wiki/Personal_care) products. Unilever is the largest producer of soap in the world. Unilever is one of the oldest multinational companies; its products are available in around 190 countries.

Unilever owns over 400 brands, with a turnover in 2017 of 53.7 billion [euros](https://en.wikipedia.org/wiki/Euro), and thirteen brands with sales of over one billion euros: [Axe/Lynx](https://en.wikipedia.org/wiki/Axe_%28brand%29), [Dove](https://en.wikipedia.org/wiki/Dove_%28toiletries%29), [Omo](https://en.wikipedia.org/wiki/Omo_%28detergent%29), [Heartbrand](https://en.wikipedia.org/wiki/Heartbrand) ice creams, [Hellmann's](https://en.wikipedia.org/wiki/Hellmann%27s), [Knorr](https://en.wikipedia.org/wiki/Knorr_%28brand%29), [Lipton](https://en.wikipedia.org/wiki/Lipton), [Lux](https://en.wikipedia.org/wiki/Lux_%28soap%29), [Magnum](https://en.wikipedia.org/wiki/Magnum_%28ice_cream%29), [Rexona/Degree](https://en.wikipedia.org/wiki/Rexona), [Sunsilk](https://en.wikipedia.org/wiki/Sunsilk) and [Surf](https://en.wikipedia.org/wiki/Surf_%28detergent%29). It is a [dual-listed company](https://en.wikipedia.org/wiki/Dual-listed_company) consisting of Unilever N.V., based in Rotterdam, and Unilever plc, based in London. The two companies operate as a single business, with a common board of directors. Unilever is organized into four main divisions – Foods, Refreshment (beverages and ice cream), Home Care, and Beauty & Personal Care. It has research and development facilities in China, India, the Netherlands, United Kingdom and United States.

Unilever was founded on September 2, 1929, by the merger of the [Dutch](https://en.wikipedia.org/wiki/Netherlands) margarine producer [Margarine Unie](https://en.wikipedia.org/wiki/Margarine_Unie) and the [British](https://en.wikipedia.org/wiki/United_Kingdom) soap-maker [Lever Brothers](https://en.wikipedia.org/wiki/Lever_Brothers). During the second half of the 20th century, the company increasingly diversified from being a maker of products made of oils and fats, and expanded its operations worldwide. It has made numerous corporate acquisitions, including Lipton (1971), [Brooke Bond](https://en.wikipedia.org/wiki/Brooke_Bond) (1984), Chesebrough-Ponds (1987), [Best Foods](https://en.wikipedia.org/wiki/Best_Foods) (2000), [Ben & Jerry's](https://en.wikipedia.org/wiki/Ben_%26_Jerry%27s) (2000), [Alberto-Culver](https://en.wikipedia.org/wiki/Alberto-Culver) (2010), [Dollar Shave Club](https://en.wikipedia.org/wiki/Dollar_Shave_Club) (2016) and Pukka Herbs (2017). Unilever divested its specialty chemicals businesses to [ICI](https://en.wikipedia.org/wiki/Imperial_Chemical_Industries) in 1997. In the 2010s, under the leadership of [Paul Polman](https://en.wikipedia.org/wiki/Paul_Polman), the company gradually shifted its focus towards health and beauty brands and away from food brands showing slow growth.

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The actions we are taking start with our consumers and communities, to whom we have committed to provide free soap, sanitizer, bleach and food to the value of €100 million.

Around half of this will go to the COVID Action Platform of the World Economic Forum, which is supporting global health organizations and agencies with their response to the emergency. The other half will come from the many product donations, partnerships and hand washing

education programs we are putting in place at a national and local level.

Initiatives in the US, India, China, UK, Netherlands, Italy and many other countries are already well under way. Our Lifebuoy team, for example, has

been working hard to manufacture and distribute millions of bars of free soap to those most in need.

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Sebastian Munden, General Manager for Unilever UK & Ireland, said “I am incredibly proud of the speedy response shown by everyone at Unilever UK & Ireland amidst what has been, and continues to be, a time of unprecedented change. It has allowed us to work quickly and closely with our existing charity partners, parts of the NHS, and many others to support wherever we can and get products to those that need them the most.

“Our people really want to be involved at this difficult time, and many have come forward offering to help, both individually and via our brands. Whether it’s donating products, sharing expertise, using our supply chain capability or working with other businesses, there is a real desire to make a difference and show our appreciation for the incredible NHS, other key workers and charities across the country fighting to keep people safe.”

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**Analysis and Solution**

I think donating and helping charity groups and people in need is both a good deed and a powerful PR movement that will help boost the image of the UNILEVER company. The fact that they went out of their way to donate care packages, funds, soaps, and other hygiene needs to hospitals and other companies during this crisis proves(or at least shows) that UNILEVER is a business FOR the people. Although it might seem like UNILEVER a company focused mainly on hygiene products should be earning a boost in profits during this pandemic where a bar of soap or face-mask could cost a lot. based on this article https://www.pymnts.com/coronavirus/2020/ceo-says-unilever-is-not-benefitting-from-covid-19/

Unilever CEO stated that they actually have more expenses than revenue. Although it could be that the CEO just says that to boost their Public Relation I think that whatever their profits are amidst this pandemic it is good to know that instead of keeping it like a regular business, they are giving it back to the people.

MCSs generally describe the design, installation and operation of different planning and control frameworks within management.

MCS refers to the structure, either organizational or the relationship of different components, of the different responsibility structures within the company. It further outlines the performance measures and how the information moves within and between the different responsibility structures. Example, in a complex and large organization, like Unilever, the responsibility would be divided into multiple units. The management would therefore be in charge of different aspects of the organization, and there would be a number of sub-units. MCSs core characteristics are the organizing and planning of the relationship between these different structures and centers of responsibility. Strategic control: the process of monitoring as to whether to various strategies adopted by the organization are helping its internal environment to be matched with the external environment. It allows managers to evaluate a company's program from a critical long-term perspective. (external focus)

Management control: include processes for planning, organizing, directing, and controlling program operations. (internal focus) It is integral that Unilever puts in a lot of effort into planning if they want to do big relief effort programs like Dettol did with their “Hari Cuci tangan sedunia”. Especially at the current condition the world is in where borders are being closed down and travelling has just become a lot harder. It is also worth considering the amount of money these projects and donations are going to take, even though sales in soap are increasing, the sales in other brand such as food products are decreasing dramatically in sales because not a lot of people would eat out anymore. I think they should consider selling products through shipping and delivery to be able to still attain income and financial security. Although it is great that they are giving huge funding towards the Covid-19 relief efforts, they should also publicize their donations more and get consumers to support through product purchases to make up for the expenses in donations.

Case link:

https://www.c19businesspledge.org/casestudies/case-study-unilever