

Strategies and tactics

Unilever is a multinational consumer products company. The company was established over 100 years ago and produces more than 400 brands in 190 different countries. Its product portfolio includes food, beauty and personal care, and home care.



Figure 1. Personal hygiene products are part of Unilever's product portfolio.

Credit: AJ_Watt, Getty Images

In 2010, Unilever introduced an ambitious plan called the Unilever Sustainable Living Plan

(<https://assets.unilever.com/files/92ui5egz/production/16cb778e4d31b81509dc5937001559f1f5c863ab.pdf/summary-of-10-years-progress.pdf>) (USLP). This was a 10-year strategy to improve the company's sustainability. As a producer of consumer products in global supply chains, the company knew that its impact on people and the planet, positive or negative, was huge and that a comprehensive strategy was needed to ensure Unilever was meeting its global responsibilities.

However, not every goal set out in this plan was met, and Unilever received both praise and criticism for its efforts on sustainability. The company has since updated its strategy and called it the Unilever Compass

(<https://assets.unilever.com/files/92ui5egz/production/ff779dd94f7e62cba9cef39dd90f5aacf0f02835.pdf/strategy.pdf>). You will explore this in the activity below.

This section explores what it means for a company to develop a strategy, and how a strategy might differ from another set of actions called tactics.

Concept

Change

While strategies and tactics are different types of actions in terms of scope and ambition, it is clear that both are responses to change in the external environment. They are critical to the agility and resilience of businesses large and small.

How might changes to one or more STEEPLE factors have impacted Unilever's decision to adopt an ambitious sustainability strategy?

Strategies

In this course, strategy refers to a plan that an organisation creates in order to reach a specific objective. Business strategies usually refer to significant decisions and actions and involve senior management. Successful strategies can help a business respond effectively to changes in the external environment, making a business more agile and resilient. If the vision and mission statements are about the 'why' and 'what' of a business, then strategy is related to 'how'.

Developing a successful strategy is complex. In fact, creating a comprehensive strategy is a lot like developing a business plan (see Section 1.1.7 (/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/tool-business-plan-id-36835))).

Strategic planning requires:

- understanding of and connection to the vision and mission of the business
- research into the market and products connected to the strategic focus
- consideration of the influences and impact of plans on local and global scales and in the social and ecological domains (see **Table 1** in Section 1.3.4 (/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/ethical-objectives-and-corp-social-resp-csr-id-36850)))
- analysis and evaluation of the internal strengths and weaknesses and external opportunities and threats connected with strategic plans
- sources of funding for the implementation of the strategy

- planning of milestones to evaluate progress and revise the strategy when needed



Figure 2. In business, just as in sport, formulating strategies and tactics is essential for achieving goals.

Credit: Klaus Vedfelt, Getty Images

Activity

Learner profile: Inquirers

Approaches to learning: Research skills (information literacy); Thinking skills (critical thinking, transfer)

Access the Unilever Compass

(<https://assets.unilever.com/files/92ui5egz/production/ff779dd94f7e62cba9cef39dd9strategy.pdf>), a concise outline of Unilever's strategy to achieve its mission of making 'sustainable living commonplace'. Consider the following questions. You may want to discuss these with a partner or work on them in a group.

1. What evidence do you see in the strategy that is connected with Unilever's mission?
2. What evidence do you see in the strategy of Unilever 'meeting human needs within planetary boundaries'?
 - Identify the human needs being met by Unilever to address social sustainability. You could identify human needs from the centre of the Doughnut Economics Model or the social SDGs.
 - How is Unilever addressing environmental sustainability? To make this more concrete, you could identify planetary boundaries from the Doughnut Economics Model connected with Unilever's strategy.
3. The Unilever Compass lists stakeholders on the right-hand side of the first page. You will learn more about stakeholders in Subtopic 1.4 (/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-

[picture-id-36856](#)). Why do you think Unilever put the stakeholders in this order?

4. The Unilever Compass devotes the majority of the first page to various growth objectives.
- What are the different ways in which the company talks about growth?
 - To what extent are the growth objectives outlined on the first page compatible with the social and environmental objectives outlined elsewhere in the document?
5. Carry out some research on critics of Unilever’s sustainability claims. Find **one** source that you think is credible, keeping these criteria for credible sources in mind and using them to justify your choice:
- Currency: Timeliness of the information
 - Relevance: Importance of the information for your needs
 - Authority: Source of the information
 - Accuracy: Truthfulness and correctness of the information
 - Purpose: Reason the information exists

Shift to circular strategies

Business strategies can take many forms. However, one shift in strategy that affects almost every business involves moving from linear production systems to circular production systems.

Linear production involves taking resources from the Earth, making products with them, and then disposing of the products. It is often referred to as a take–make–waste system.

Circular production, on the other hand, involves reducing waste by making sure that outputs of the production system feed back into the system as inputs. It also involves making product and system design decisions to plan for circularity. You will learn more about circular business models in Section 1.3.7 ([/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/tool-circular-business-models-id-36853](#)).

In this section on strategy, however, it is helpful to understand the factors that are causing businesses to move towards circular systems (**Table 1**). The STEEPLE factors (Section 1.1.6 ([/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/tool-swtotsteeples-analysis-id-36834](#))) can help you to understand this trend.

Table 1. STEEPLE factors causing a shift to circular strategies.

Sociocultural factors	Consumers are more aware than ever of the ethics and sustainability responsibilities of businesses. They also realise that substantial change has to occur at a systems level, and they expect businesses to work for system-wide change.
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Technological factors	The following have all made it easier to develop new circular strategies: the ability for scientists and entrepreneurs to connect and share ideas and products globally, the widespread adoption of smartphones and other digital devices, digital payments and innovations in materials.
Ethical factors	It has become clear that businesses need to have a higher purpose than profit maximisation. Businesses start grounding their operations in serving people and the planet. Businesses realise that profit is a result of their success, not a goal. This paradigm shift involves 'doing the right thing' and is a matter of ethics in service to environmental, sociocultural and economic sustainability.
Political factors	Many new technologies rely on raw materials that are concentrated in only a few geographic areas. This poses risks to supply changes during global political disputes and local conflicts. For example, China dominates the global extraction and processing of rare earth elements used in a number of renewable energy technologies. Circular strategies can help to reduce the risk in global supply chains.
Legal factors	More and more countries are passing laws requiring businesses to source sustainable materials, design durable products and provide consumers with the ability and right to have products repaired. Carbon taxes are also more common, so that businesses have to move to models that reduce their carbon footprint.



Figure 3. Technological changes have made it easier to share bicycles in a city: a circular strategy.

Credit: monkeybusinessimages, Getty Images

Tactics

A tactic is a smaller action that a business takes in order to reach its goals. Tactics involve approaches that are somewhat less important, smaller in scale, and involve shorter timeframes than strategies. And unlike strategies, tactics may be devised by less senior managers or employees.

A tactic might involve actions such as changing pricing, revising a promotion or other actions that can be reversed if necessary and are unlikely to put a business on a long-term path. Making a tactical error may be costly, but it is not likely to lead to the demise of the organisation.



Figure 4. Using a sale to clear out excess stock is a tactic, not a strategy.

Credit: tylim, Getty Images

Remember that a tactical decision for one organisation may represent a strategic decision for another, because the relative importance of a decision will depend upon the organisation itself, mainly its size. The decision by a large corporation to open another shop might be considered a tactic. For a sole proprietor, however, opening a second retail outlet might be considered a major strategic decision.

Exam tip

You may be asked to identify a strategy or tactic in the context of a specific case study. Make sure you keep the difference between a strategy and a tactic in mind, so that you show understanding of the scale and importance of the two types of actions.

Activity

Learner profile: Principled

Approaches to learning: Thinking skills (creative thinking, critical thinking)

In the video below, Kate Raworth explains the strategies that businesses can use to improve social and environmental sustainability, from 'doing nothing' all the way to 'doing the Doughnut'.

1. What are the five possibilities for business strategies around sustainability according to Raworth? (Hint: the first one is 'do nothing'.)
2. What are the five areas of internal design that affect whether a business is regenerative and distributive ("doing the Doughnut")? What does a business need to do in each design area to become regenerative and distributive?

3. In [Subtopic 1.2 \(/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-36838\)](/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-36838), you learned about the various legal structures for businesses. Can you find any connections between those structures and the five areas of regenerative and distributive business design?
4. How could you include regenerative and distributive design principles into a business plan (see Business Plan Tool)?

Business Meets the Doughnut v1.0



Video 1. Economist Kate Raworth explains what businesses can do to become regenerative and distributive enterprises, improving environmental and social sustainability.