

# Success of business means making positive impact on society

Says Unilever Bangladesh CEO Zaved Akhtar in an interview

SOHEL PARVEZ

A lot has changed in recent years amid growing consciousness among consumers and understanding among businesses that profit maximisation can't be the only objective of any business.

Business is also about making positive impact in life, serving the society and playing responsible role towards nature and the planet. It is all about sustainability.

"There is no benefit if we can't help people positively. And every product has to have a role," said Zaved Akhtar, chief executive officer and managing director of Unilever Bangladesh Ltd, in an interview with The Daily Star recently.

Akhtar is the second Bangladeshi to take the helm of the multinational company after Kamran Bakr. He took over in July after serving the company in various capacities in Asia, particularly in South Asia and Asia Pacific regions, since he joined in 2000.

He leads a team of 1,500. "Besides, more than 20,000 people are indirectly impacted because they depend on us," he said.

Many people say the role of a business is to maximise profits. For him, it is an outcome.

"The role of business today is to have an impact on society, the people and the community. What is the benefit of selling a product if we can't make deeper impact?"

The top executive says the first statement or intent of the World Business Council was to maximise shareholder value when it began its journey in 1995.

Today, it is named World Business Council for Sustainable Development (WBCSD), a body of chief executives of more than 200 international companies.

The Council aims to make a world where 9 billion plus people live well within the means of the planet. Unilever is also a member of the WBCSD, and sustainability is at the centre of its strategy.

"And that's the realisation. Today, I say this because my children ask me about the result of the things I do. Their questions should be answered. And that is the right thing. Because as a business, our role is to solve the problem of the society."

"We must have a sustainable model for everything," said Akhtar, a graduate from the Institute of Business Administration at the University of Dhaka.

Unilever also tries to ensure sustainability and develop markets by offering solutions to the problems people face. In fact, it went



from door to door to raise awareness about moisturiser.

Hair tangling was a big problem stemming from the use of soap even in the late 1990s. "We could make a difference after introducing shampoo," said Akhtar.

"We have helped 3.5 crore school children about the necessity of handwashing. We are still doing this."

In Bangladesh, the British multinational company has a rich history.

It began its journey in Bangladesh in 1964 and the first factory was set up at Kalurghat of the port city of Chattogram a year later.

The company started with wheel soap. At that time, Unilever's annual production capacity was 15,000 tonnes.

It introduced Lux soap a couple of years later and expanded its basket of products gradually as Bangladesh's economy and the purchasing power of people rose.

In 1980, it set up its personal care plant.

Unilever was predominantly a soap company until 1999: soap represented 85 per cent of the business. It launched wheel detergent powder in 1997.

Since 2000, the company has been witnessing growth in the segments of shampoo, moisturiser, cream, lotion, toothpaste, and tooth powder.

Today, Unilever Bangladesh produces three lakh tonnes of products annually. Personal care business accounts for nearly 60 per cent of the business.

"What is surprising is that nearly 16 per cent people would use any dental product. Over the years, we have developed this category and the market," said Akhtar, who played key roles in branding and marketing.

Just several years after its foray into Bangladesh, Unilever invested to expand manufacturing capacity.

The multinational company makes 95 per cent of its products locally through eight manufacturing plants, while the rest 5 per cent comes from imports.

"We only import raw materials. But we are working to source raw materials locally," said Akhtar, adding that the company plans to collect 70-80 per cent of the raw materials from the domestic source.

The biggest benefit for the company, which is present in more than 190 countries, will be the reduction in lead-time in collecting raw materials.

Akhtar also talked about the prospects of fast-moving consumer goods market in Bangladesh.

The company describes the external environment for growth as favourable, thanks to overall urbanisation and its growth, young demographic, digitalisation, and changing lifestyle.

Per capita FMCG consumption is \$23 in Bangladesh. It is double in India compared to Bangladesh, five times in the Philippines, and fourfold in Indonesia.

"So, the headroom to grow is significantly high. I think, the FMCG market has got fantastic space to grow."

A number of FMCG companies have made their foray into Bangladesh in recent decades thanks to business potential.

"There will be a lot more people coming in as the market opportunity is there. So, our opportunity is significantly high," said Akhtar.

The size of the FMCG market in Bangladesh is around 3.7 billion euro, or more than Tk 35,700 crore, and it is growing at 7-8 per cent annually.

"It is directly connected with the overall GDP growth," he said. Unilever Bangladesh's annual turnover is around Tk 6,000 crore.

Bangladesh has been among the fastest-growing economies over the past decade, backed by a demographic dividend, strong garment exports, and stable macroeconomic conditions.

## BY THE NUMBERS

Started journey in 1964

Manufactures in 8

locations in Bangladesh

Bangladesh has Unilever's

2nd biggest factory in

South Asia

About 300,000 tonnes

of annual production

capacity

Annual production capacity

was 15,000 tonnes

50 yrs ago

Has 28 brands



Unilever

1,500+ employees

95% products made locally

Tk 600cr invested in last

3 years

Tk 6,000cr annual

turnover

Plans to collect up to 80%

raw materials locally

50% of its products are in

recyclable plastic

Starts a pilot scheme to collect

plastics

"I personally believe this [the FMCG market] can even accelerate when there will be more competition for market development," he said, adding that the market grows when the literacy rate and the disposable income rise.

Unilever Bangladesh has invested heavily in modernising factories. It has pumped into Tk 600 crore in the last three years.

"Our Kalurghat factory is the second-largest in South Asia," Akhtar said.

The company is also aware about the demands among wealthy consumers and has introduced premium portfolio.

In keeping with changing consumer behaviour and purchase decisions in the era of digitalisation, the company has already launched its online platform Ushop to cater the customers who buy online.

"My perspective is that digitalisation will be the biggest disruptor for FMCG."

According to him, the linear value-chain of FMCG will not stay and the future value-chain will be all about platform and ecosystem.

So, the whole FMCG value chain will now be divided into three ecosystems: consumer ecosystem, customer ecosystem, and operations ecosystem.

In the consumer ecosystem, three steps have to be taken: know more, buy more, and try more.

"I am creating capability to the point where I will be able to follow the map of consumer journey," said Akhtar, who spearheaded the end-to-end digital transformation of business for Unilever in South Asia.

The consumer goods company, which markets more than 28 brands in Bangladesh out of over 400 household brands globally, has taken a number of technology-driven initiatives to optimise delivery time and sourcing and use data for improved decision-making.

"The FMCG will be very different from what we did in the past and the young leaders will do in future. Language and communication will be different. There will be a lot more data and lot more ecosystem and the decision-making will be at different levels."

For him, businesses have a role and should look for making positive impacts in everything they do.

"We have a role towards customers, to our society and to our environment and all the elements. We must make sure we create a waste-free world."

"We must create a socially inclusive world. We must make sure we are able to really have a positive impact on environment. For me, that is success. Success is not in sales growth."

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## GLOBAL BUSINESS

### US opens policy meeting focused on inflation threat

AFP, Washington

The Federal Reserve opened its two-day policy meeting on Tuesday, focused squarely on how to address the troubling US inflation threat.

Fed Chair Jerome Powell has signaled that the central bank will pull back on its pandemic stimulus measures more quickly, which would put it in position to raise interest rates and try to quash the wave of rising prices that have hit American households.

In addition to the political damage inflation has done to President Joe Biden, investors are getting nervous about rising interest rates and a resurgence of Covid-19 cases due to the new Omicron variant.

The concerns sent Wall Street stocks lower for a second straight session on Tuesday, ahead of the conclusion of the Federal Open Market Committee's (FOMC) meeting Wednesday, when policymakers are expected to announce the Fed will further slow its monthly bond purchases.

That will put it on a pace to end the program in March, about three months earlier than initially planned, and leave the central bank poised to act directly against inflation by hiking the benchmark borrowing rate as early as May.

Powell for months has argued that most of the price increases were due to temporary pandemic-linked factors that would dissipate, but in late November he acknowledged that inflation could be "persistent."

"Annual consumer price inflation hit a nearly 40-year high of 6.8 per cent in November, with data showing the increases continuing to spread beyond autos and energy to food and housing."

Policymakers on Tuesday got more data showing the price pressures building in the pipeline, when the Labor Department reported that the producer price index surged 9.6 per cent in the 12 months ended in November.

It was the biggest jump since the government began calculating the index in November 2010, pushed by increases in a broad array of goods and services, which could spread to consumers.

Though economists believe inflation may have peaked, that does not ease the pressure on the Fed to act to prevent the price increases from becoming a self-fulfilling prophecy, especially as wages rise amid a drive by employers to fill millions of open positions.

# UK inflation spikes to decade high

AFP, London

British inflation has rocketed to its highest level for more than 10 years on broad-based price gains, data showed on Wednesday, sparking fears that wages will fail to keep pace on the eve of a Bank of England interest rate decision.

The annual inflation rate surged to 5.1 per cent in November after 4.2 per cent in October, the Office for National Statistics (ONS) said in a statement.

That marked the highest level since September 2011, with inflationary pressures driven by jumping fuel costs as the rate accelerated further above the BoE's official target.

The news sparked an outcry from Britain's Unite trade union, which complained many workers faced an effective pay cut with the prospect of below-inflation annual wage increases.

The BoE, whose main task is to keep inflation close to 2.0 per cent, is however expected to hold its record-low interest rate on Thursday due to turmoil over the Omicron coronavirus



A sign shows the price in pounds sterling of goods displayed for sale at a stall at Whitechapel Market in east London.

AFP/FILE

variant. Central banks normally use interest rate hikes to try to damp high inflation, which is weighing on companies and consumers globally.

"A wide range of price rises contributed to another steep rise in inflation, which now stands at its highest rate for over a decade," said ONS Chief Economist Grant Fitzner.

"The price of fuel increased notably, pushing average petrol prices higher than we have seen before."

"Clothing costs -- which increased after falling this time last year -- along with price rises for food, second-hand cars and increased tobacco duty all helped drive up inflation this month."

Inflationary pressures were also fuelled by the global supply crunch and jumping commodity prices.

"The cost of goods produced by factories and the price of raw materials have continued to increase significantly to their highest rate for at least 12 years," Fitzner added.

### ECONOMIC REBOUND China spending data adds to worries

AFP, Beijing

Chinese consumer spending grew at a slower-than-expected pace in November, data released Wednesday showed, with analysts warning that an uptick in coronavirus cases was dampening sentiment and adding to questions over a rebound in the world's second-largest economy.

China's economy bounced back quickly from the pandemic after authorities contained Covid-19 with strict border controls and targeted lockdowns, but the recovery has been losing steam this year.

Economists said a current nationwide increase in Chinese coronavirus cases, and resulting containment measures, appear to have led to cautious consumer behaviour just as a property market slump worsens.

### Japan admits overstating some govt economic data for years

REUTERS, Tokyo

The Japanese government overstated construction orders data received from builders for years, Prime Minister Fumio Kishida said on Wednesday, an admission that could dent credibility of official statistics widely used by investors and economists.

It was not clear why the government started the practice of rewriting the data. It is also unclear how gross domestic product (GDP) figures may have been affected, though analysts expected any impact to be minimal, particularly as the builders involved

were likely to be smaller firms.

"It is regrettable that such a thing has happened," Kishida said.

"The government will examine as soon as possible what steps it can take to avoid such an incident from happening again."

He made the comment in a parliamentary session after the Asahi newspaper reported the Ministry of Land, Infrastructure, Transport and Tourism had been "rewriting" data received from about 12,000 select companies since 2013 at a pace of about 10,000 entries per year.

Kishida said "improvements" had

been made to the figures since January 2020 and that there was no direct impact on GDP data for fiscal year 2020 and 2021.

While the impact on past GDP numbers may be small, the revelation is likely to raise questions about the reliability of data that is a cornerstone for economists and investors looking to understand and forecast trends in the world's third-largest economy.

It is also not the first time that issues have been raised about government data, including a flaw in health ministry data in 2018.