# Case – unilever

Business, Company

This meant that each subsidiary was responsible for production, marketing, sales, and dilutions of their own products. Milliner felt that by allowing each subsidiary to be accountable for Its own performance would strengthen the overall company structure. Managers were able to develop their own marketing strategies to match their clients and region. By the mid-asses, Milliner fell into issues of cost, global brand expansion, and product release. With the current decentralization structure, Milliner determined that there was too much duplications, a lack of scales economies, and overall too high of costs.

In 1 996, Milliner set forth with a new structure strategy based on regional business groups. These groups were introduced in order to drive down operating costs and speed up the process of introducing and developing new products/brands. For example, Lever Europe (one of these regional business groups) would consolidate all detergents in Europe, which proved to reduce production costs and speed. With this new structure, new costs of transportation and storage would need to be taken into account. However, this new strategy did Identify costs, but also Increased uniform ranging In packaging and advertising for unlived.

With this change. Statistics suggest Milliner saved an estimated $400 million a year from just this change in the European detergent structure. By 2000, Milliner was still a step behind the competition. Milliner decided to cut brands and develop more centralized or global divisions. The development of thefooddivision and home & personal care division allowed a global branding focus and unification. Not losing the importance of Individual preferences and differences, Milliner added region business as headquarters of a larger area.

In the mid-asses, Milliner was attempting to build a unified brand, reduce production costs, and eliminate production lag time by introducing a new structure based on regional business groups. Milliner needed to change from Its previous decentralized business model because It would not keep up with a rapidly changing competitive marketenvironment. Success from competitors such as Nestle and Procter &: Gamble allowed Milliner to see their faults. Duplication in manufacturing, lack of scale economies, and overall high costs left Milliner behind its competition.

For example, with 17 different European operations it would take four to five years togged all 17 groups to launch/adopt a new product. This significant lag time left Milliner behind and struggling to develop any market share for its product. For these four to five years, competitors were rolling out different variations of these structure was a number of divisions focused on a different but specific category of products. These groups coordinated the activities of national subsidiaries to decrease costs and increase the speed of development, production, and implementation.

By doing so, individual subsidiary companies let go of autonomy to execute a unified Milliner strategy. One key aspect was the decrease in production costs. Jeans (2011) helps to expand our view on the total cost of production that Milliner was initially battling from 17 different groups. Total cost includes: setup cost for production, reordering and processing costs, quality costs from lack of quality and product defects, product shortage costs, material costs, and carrying costs Nonage, 2011). All of these costs, multiplied by 17, were hurting the bottom line for Milliner n Europe alone.

The new structure identified this and cut manufacturing from ten plants down to one or two. This eliminated the size of the many discussed costs and allowed product sizing and packaging to generate uniform brand recognition. The movement toward this business group model saw big gains, as an estimated $400 million was saved in the European detergent operations alone. REFERENCES: Jeans, A. (2011). Economic production order quantity and quality. International journal Of production Research, 49(6), 1753-1783. Don. 1080/00207540903555528

Although Milliner saw financial success in its business group structure, it still lagged behind its main competitors. This structure failed to answer all of Milliner's issues by remaining to different organizational and too expansive in its product mix. To answer these issues, Milliner changed its model again toward a global structure. In some ways even with the business group structure, Milliner was still dealing with 17 different subsidiaries in Europe and various amounts in different countries around the world. There was no global division that stressed/organized similarity across the lobe.

From this, timing issues and brand reputation was unable to translate world-wide. Milliner acknowledged this fact by the early asses and developed two global product divisions: food and home ; personal care. These were developed to centralize their company and vision. The second issue was Milliner's over extensive brands. With over 1, 600 different brands it was difficult and costly to be competitive in any one certain area. They needed to think about quality over quantity in order to focus efforts on developing, manufacturing, and marketing for their most profitable brands.