



How to
prove

the value of your culture



to your CFO



What we'll cover **today**

- The challenge
- Metrics that matter
- What great performance data looks like
- Testing

Poll



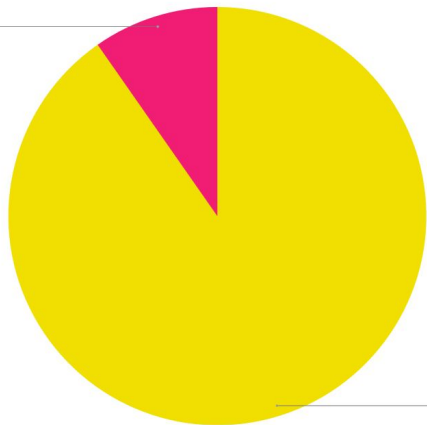
*Would you describe yourself as
commercially minded in your
role?*



Are you currently able to prove the ROI of your culture?



Yes - 9.7%



No - 90.3%



A man and a woman are seated at a table, both with serious, skeptical expressions. The man on the left is wearing a dark suit, white shirt, and dark tie. The woman on the right is wearing a dark blazer over a black top, with her arms crossed. A yellow speech bubble is positioned between them, containing the text "So what?".

So what?

Does culture affect commercial outcomes?



Culture's impact on employees



Does an organisation's culture impact how employees think and feel about work?

- **Does Organizational Culture Affect Employee Happiness?** – Journal of Leadership and Instruction – 2020 – [Link](#)
- **Impact of Organizational Culture on Engagement and Effectiveness** – American Journal of Economics and Business Management – 2023 – [Link](#)
- **Worry at work: How organizational culture promotes anxiety** – Harvard University – 2020 – [Link](#)

Does culture affect commercial outcomes?





Original citation:
Oswald, Andrew J., Proto, Eugenio and Sgroi, Daniel. (2015) Happiness and productivity. *Journal of Labor Economics*, 33 (4). pp. 789-822.

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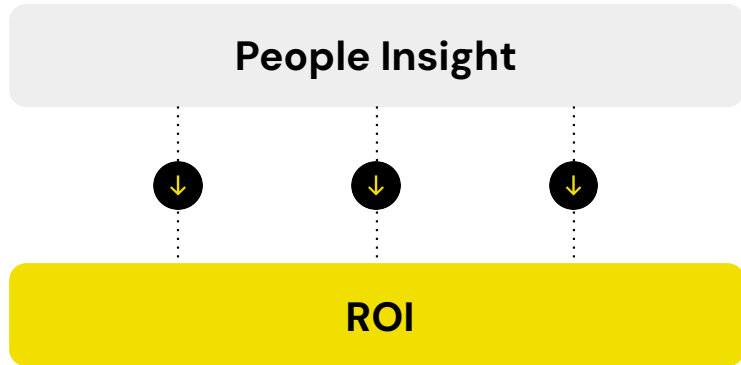
Publisher's statement:
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What do we want to **achieve**?



Where to **start**?



Getting the right data



What sort of data **should be included?**

To link how employees feel about work and the impact it has, we need to connect employees' performance data back to the survey data. This can be anything that's relevant to the organisation's performance that can be tied back to employees. **For example:**



A restaurant wants to know how their waiting staff impact average spend per customer.



A charity wants to learn the impact of employee sentiment on the outcomes for vulnerable people in their care.



A software company wants to understand the new revenue won vs target for each of their sales team.



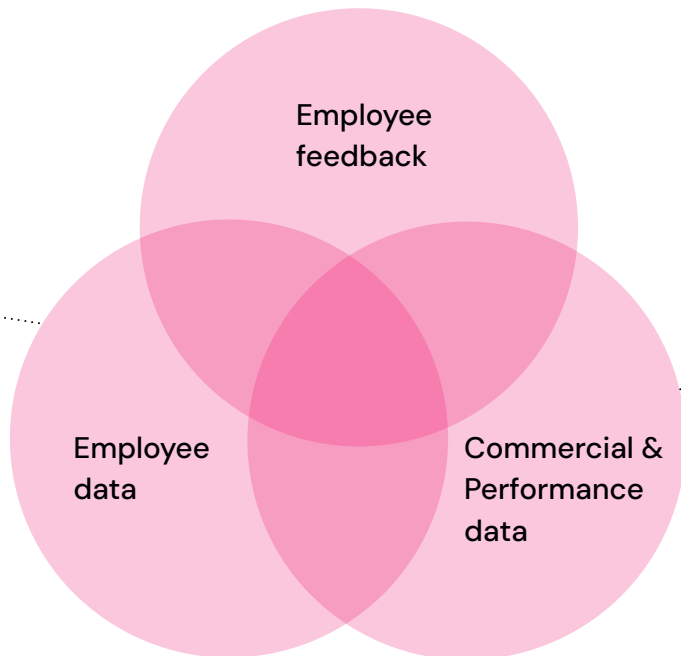
A bank wants to know the relationship between employee sentiment and their NPS from customers.

Along with performance and employee feedback data, we can also analyse based on any other factor you can tell us, such as whether someone has completed a particular training course, how long they've been an employee, their salary, location worked etc etc.

What sort of data should be included?

Such as:

- Gender
- Age
- Recruitment source
- Length of service
- Salary
- Bonus structure
- L&D activity
- Absence activity
- Team, department etc
- Line manager
- Shift patterns
- Weekly hours
- WFH, hybrid or office



Such as:

- Sales revenue
- Net promoter score
- Fee earner utilisation
- Pitch win rates
- Sales performance vs target
- Net revenue retention
- Customer support tickets closed
- Average time to complete
- % of projects completed within time



VIEW

made 50% of the cost in 2015, and on-line price reduction in 2016. This helped to generate the execution of our **Growth Action Plan** in response to the challenges Unilever has faced over the last few years in helping to improve the quality of our top- and bottom-line. We still stand to win. Winning **market share** across the markets in which we compete is a top priority for us in 2025. One of the principles guiding the CAP has been the need for Unilever to do fewer things, better, with greater efficiency. This thinking lay behind two other important initiatives:

- 1. First, the announcement to separate ice cream and personal care. This has been successfully completed, this will leave us with a more focused portfolio of brands across four business Groups with complementary brands: Beauty & Wellbeing, Personal Care, Nutrition and Home Care. This separation will give Ice Cream greater flexibility to deploy its distinctive operating model in a way that drives **growth**. We are on track with the separation, having recently announced the role of the Chair-Designate of the company, Jean-François van Boxmeer, as well as details of the new structure. Second, we are making Unilever a leaner, more **efficient** and more productive organisation by executing a company-wide **productivity** drive. The programme is already well advanced and we expect to realise significant savings of around 5-6% of our 2025 operating costs by FY2026.

Efficiency/Productivity

Our biggest brands and strongest **growth** opportunities. These measures were driven under the leadership of my predecessor as CEO, Hein Schumacher, who I was fortunate to partner with as CFO. I want to thank Hein for his values-led leadership and his strong performance focus he brought to the business, the benefits of which were evident in our results for 2024.

Growth

Efficiency/Productivity

Sales

are long-standing and go deeper, requiring implementing with speed and resolve. Operating **Profit** was €9.4 billion, resulting in underlying operating **Profit** of 18.4%, 15.5%. This included non-underlying charges, primarily a loss of accelerating our **productivity** programme. Underlying operating **Profit** increased 12.6% versus 2023, to €11.2 billion, giving an underlying operating margin of 18.4%.

STRATEGIC REPORT CORPORATE GOVERNANCE FINANCIAL STATEMENTS SUSTAINABILITY STATEMENTS REVIEW OF THE YEAR Chief Executive Officer's statement 8 Unilever Annual Report and Accounts 2024 We have stepped up our operational performance, sharpened our portfolio, and are in the process of delivering a **growth** strategy, a strategic target, to drive growth. Fernando Fernandez, CEO of the improvement in **Profit** was fuelled by gross margin expansion, which rose 280 basis points to 45% on the back of our GAP-related net **productivity** intervention. Importantly, this allowed us to increase brand and marketing investment by €0.9 billion, to 15.5% of Group turnover, the highest investment ratio for a decade. Although we saw sequential improvements in the second half of 2024 in our turnover-weighted **market share** movement, we still have work to do to improve our overall competitiveness and turn our **market shares** consistently positive. **THE GROWTH ACTION PLAN 2030** The operational improvements under the GAP have provided the clarity – and given us the confidence – to look further ahead. Last year, we set out a new, longer-term strategy for Unilever – our **Growth Action Plan**.

Profit

Efficiency/Productivity

Market share

Growth

to be. Our sustainability agenda is focused on those areas of greatest relevance to the business, but also where we can use our scale and influence to have the most positive impact: Climate, Nature, and People. Each area is underpinned by a number of key initiatives, and energy and we bring encouraging progress in each area. As a result, we are well positioned to sustainably. Unilever has strong employee reputation for its focus on, founded on strong values and admired workplace practices. This was reaffirmed last year when we were named **FMCG employer of choice** for graduates and early career **talent** in nine of our biggest markets, including India and China. Under the GAP 2030, we intend to build on these qualities – and on our outstanding levels of **talent** – by developing a winning culture. This will be done through a series of behavioural shifts and by implementing a reward framework, more closely linked to – and incentivised around – differentiated business performance. For our employees, we are creating a more positive and motivating work environment. As a result, **talent** is looking ahead. We know that we have a big agenda in front of us if we are to realise our ambition of making Unilever a best-in-class performer, capable of delivering consistent, high-quality **growth** and competitive returns for shareholders and other stakeholders. However, we can take encouragement from the progress we have made so far. We have stepped up our efforts to **talent** sharpened our portfolio, and we are in the process of delivering a more streamlined organisational model. Moreover, we are displaying resilience in the face of challenges and underperformance with swift and now to accelerate delivery of our GAP 2030 strategy. **growth** we are now Leadership Executive members are focused on this task to ensure we meet our commitments. We are well positioned to achieve our goals, be within our multi-year range of 3-5%, with a price and a modest improvement in underlying significant change for our business. I want to focused on the changes we have made to our Group's results. Thanks to their hard work and incredible commitment, we are steadily laying the foundations for a stronger, simpler, consistently high-performing Unilever.

Employer talent

Growth

Sales



The Happiness Index

Where do I **begin**?



A great place to start is to speak with the heads of each department and ask them what metrics they're focusing their people on. For example, a software company...

CCO



Wants to understand

- Pitch win rate per person
- New annual recurring revenue won per person
- Sales person's performance vs target

Business dev director



Wants to understand

- Number of sales calls made per BDE
- Number of new business meetings booked per BDE
- Performance against target per BDE

Head of customer success



Wants to understand

- Customer retention rates
- Net uplift in customer revenue per customer success manager
- Average Net Promoter Score of customers per CSM

Head of customer support



Wants to understand

- Number of support tickets successfully closed
- Average time to close a support ticket per support worker
- Average CSAT score per support worker

CTO



Wants to understand

- Delivery of projects against planned timescales per person
- General performance rating of software engineers

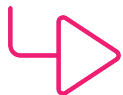
What does **great data** look like?



Directly relevant to C-suite



Tied to an individual employee



Is consistent



Straight line to impact

NB:

Data clean-up and data engineering is part of our service.

If your data has known inconsistencies (such as differences due to work schedule or location), just let us know. We have methods for normalising this context in our analysis.



Why tying performance to an individual employee matters...



Shop 1

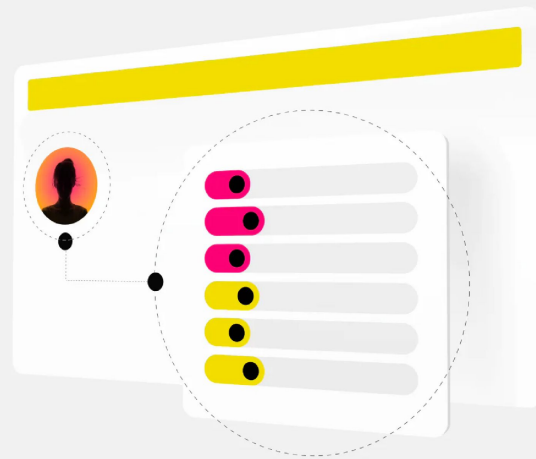
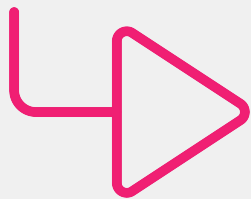
	Happiness & engagement scores	Av. transaction value
Employee 1	6	£79.23
Employee 2	6	£82.01
Employee 3	7	£85.51
Employee 4	7	£84.55
Employee 5	6	£87.64
Employee 6	7	£81.69
Employee 7	8	£98.03
Employee 8	7	£88.43
Employee 9	6	£74.85
Employee 10	6	£71.51
Average	6.6	£83.35



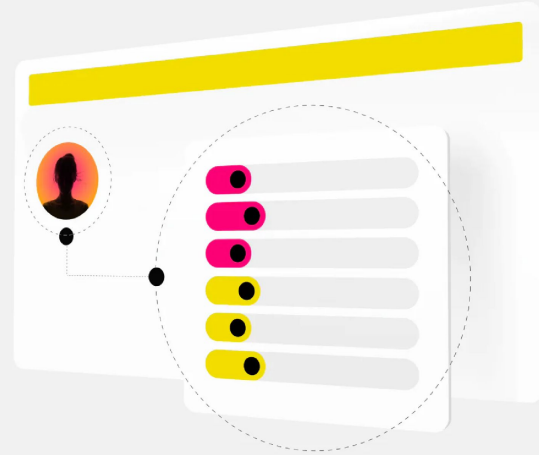
Shop 2

	Happiness & engagement scores	Av. transaction value
Employee 1	10	£97.50
Employee 2	9	£89.22
Employee 3	10	£103.56
Employee 4	10	£94.24
Employee 5	2	£63.11
Employee 6	2	£57.03
Employee 7	4	£61.37
Employee 8	3	£71.19
Employee 9	10	£108.79
Employee 10	6	£87.46
Average	6.6	£83.35

Why consistency matters



But what about stuff we **can't control**?

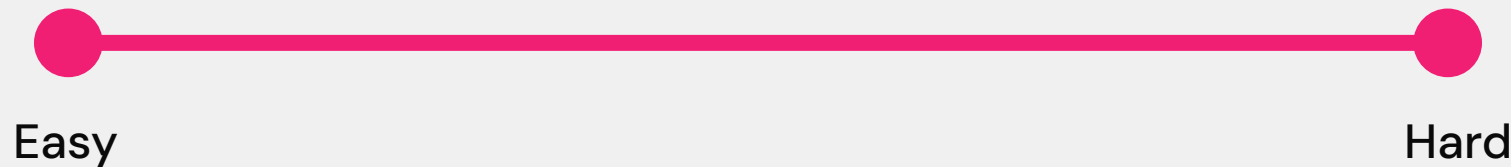


Straight line to impact



Transactional sales, fee
earner utilisation, CSAT

Innovation, R&D,
marketing



Analyse the data and form hypotheses



Best sales performers



Are more likely to feel **psychologically safe at work.**

.....
All of whom have completed a particular sales **training course in the last 12 months.**
.....

Are more likely to have **worked in the organisation for 5 or more years.**



Project your forecasts for their **impact**



	Cost of programme	Expected return	ROI
Investment in manager training and team-building budget	£200,000	£750,000	275%
Annual sales training course participation	£500,000	£3,000,000	500%
Investment in employee retention	£100,000	£250,000	150%
	Cost of programme	Current return	ROI
Investment in stylist training	£200,000	£75,000	-63%

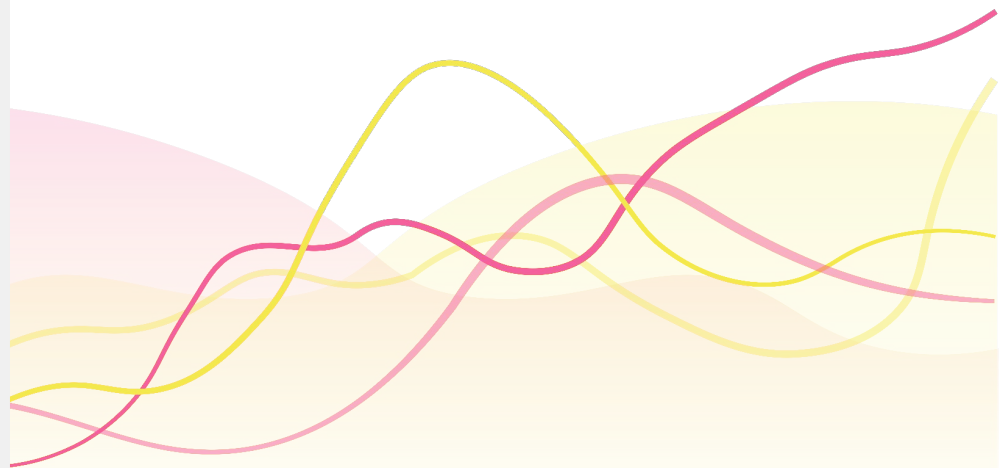
Split test where
possible



Recap



- Metrics that matter
- You're capturing feedback from your employees
- You've got other relevant data
- Combine and analyse
- Identify trends and relationships
- Form hypotheses
- Create forecasts and projections
- Plan to test before rolling out



The end result



This is all about helping you to understand the relationship between your culture and the impact it has on the success of the whole organisation.

By identifying these relationships you're able to:

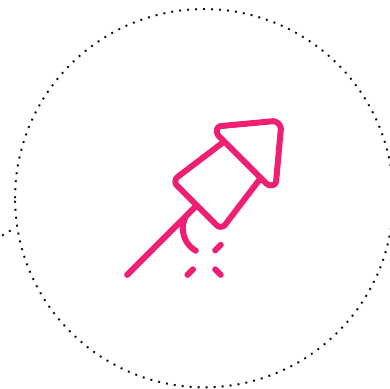
1. **Focus your resources** on activity that will make the greatest impact, expand initiatives that are working, scaling back the ones that aren't.
2. **Prove the ROI of your people-focused activities** such as L&D, employee benefits, ED&I, wellbeing etc and protect those budgets.
3. **Position the HR function** as a strategic partner for the organisation.



Poll



*Would you like to pilot our
performance culture
consultancy service to see if it
can work for your organisation?*



Q&A time...





16% less churn

16% Lower employee churn is observed in happy employees compared to unhappy ones

– The Happiness Index dataset



57k cost savings

A 1-point increase in engagement and happiness scores, leads to annual cost savings ranging from £25,800 to £57,000.

– The Happiness Index dataset



23% retention boost

23% Lower chance of employee churn for organisations that foster strong working relationships

– The Happiness Index dataset



Thanks for your time

Don't be a stranger...



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The Happiness Index



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