

The products of multinational Unilever are obtainable worldwide. The company sells brands including Calvé, Ben & Jerry's, Ola, Robijn and Rexona to large customers like Albert Heijn and Wal-Mart, but also to small mom-and-pop shops in cities like Mumbai and Cape Town. Thanks to SWIFT it has become a lot easier to manage the amounts paid by these large and small customers.

Bank connectivity for Unilever:

convenience, benefit and improvement



06

During the 20th century Unilever developed into a global company operating worldwide. Until recently the Unilever operating companies had a great degree of independence to allow them to serve the local consumer market effectively. The financial function, including treasury, was also organised locally. "Treasury had centralised certain strategic activities in the past, such as corporate finance and funding," explains Hans van den Bosch, head of global treasury operations. "Operational activities, like working capital management, were arranged at the country organisation-level. When I started working there were about 90 countries each with their own treasury department. And in each country there were accounts with three, four or sometimes five banks. In those days cash management was a local responsibility. It's often said that multinationals are similar to supertankers, but in terms of cash management Unilever resembled a flotilla of small ships. They all had the same goal, but sailed a slightly different course."

"When I started working there were about 90 countries each with their own treasury department. And in each country there were accounts with three, four or sometimes five banks."

Strategic vision

In the mid-1990s Unilever experimented with a central solution for bank communication. When a second attempt foundered in August 2004, Van den Bosch asked Zanders to develop a strategic vision for bank connectivity. "Zanders had established such a good reputation in treasury consultancy that I was keen to do business with them," says Van den Bosch. Executive consultants Bas Rebel and David Kelin wrote a clear vision for Unilever at the interface of treasury, accounts payable and receivable and information management. They stressed that bank communication was just one link – albeit an essential one – in the total chain from purchase/sales order to the reconciliation of payments and receipts on the bank account. The two consultants outlined eight directions for a solution, including SWIFTNet for Corporates, but added that the definitive solution had to fit into a strategic vision for the company's transactions as a whole.

Their recommendations were difficult to embed at Unilever, because of the local nature of the organisation. According to Van den Bosch: "The Zanders report came too early. At that time we looked upon ourselves at central treasury mainly as a remote service provider, a payment factory with responsibility for the piece in the middle, i.e. the processing of payments and receipts. Zanders saw even then that Unilever really needed to approach the entire path from ERP to the bank and back in an integrated way." Bas Rebel says: "Bank communication is one of the pieces in the payment process jigsaw puzzle. The challenge is to find all the pieces and put them together. That includes knowing everything from what is going to be paid to knowing that it has



Hans van den Bosch, Head of Treasury Operations at Unilever, and Bas Rebel, Executive Consultant at Zanders. Van den Bosch: "It's nice to be able to get another professional party to examine your ideas now and then."

been paid. To do this you need to identify the process and responsibilities. Only then can you start to improve the process."

Global platform

One of the forward-looking solutions that Kelin and Rebel suggested was the use of SWIFTNet, a worldwide network for bank communication to which more than 8,300 banks are connected. By using this network it is possible to exchange transactions in a standardised way with every connected bank. "A large proportion of the transactions in emerging markets such as China and India come from small customers," says Van den Bosch. "Electronic solutions are not yet very far advanced in these countries so we rely on local banks, with a network of branches, where we can handle cash and cheque transactions. All the same, we wanted to harmonise and centralise wherever possible. But we lacked a platform for it."

The recommendations made by Zanders were viewed from a different perspective following the implementation of One Unilever, the strategic initiative to make Unilever more responsive, and the wish to centralise. The ideas sketched by Rebel and Kelin gained support. Ultimately Unilever reached a decision and opted for SWIFTNet. Van den Bosch says: "We weighed up the various alternatives. SWIFT offers the best, most future-proof solution."

According to Rebel, the implementation of SWIFTNet had to be set up as a holistic project: "The implementation of SWIFT is more than just installing the software. It is also necessary to agree arrangements with banks. Internal processes must be examined to make sure that they will continue to satisfy internal and external requirements. If modifications need to be made, they must be compatible with upgrade projects." Unilever set to work pragmati-

cally. Van den Bosch says his treasury team has had a good experience so far: "The SWIFT solution is conceptually simple and well thought out. SWIFT is now part of the Unilever IT ecosystem." Last year several new countries also started using SWIFT for their bank communication. The more countries that connect up to the network, the more the investment yields for Unilever. "You can't complete a project like this in a few months. This process shows the importance of developing a good long-term vision, sticking to it and giving proper consideration to all steps that you must take, no matter how small they might seem."

Not dependent on banks

The big advantage of SWIFTNet is that the platform is bank-independent. This is a benefit according to Van den Bosch: "If it proves necessary, we can switch banks fairly quickly. Other hard benefits include quality improvements in the processes and, something that is becoming more and more important, improved compliance." Zanders is continuing its work for Unilever. "We like using the services of Zanders, not only for support, but also as a sparring partner," says Van den Bosch. "It's nice to be able to get another professional party to examine your ideas now and then." <



▶ FOR MORE INFORMATION ABOUT THIS CASE AND THE OPPORTUNITIES THAT SWIFT OFFERS YOUR ORGANISATION PHONE DAVID KELIN OR BAS REBEL ON +31 (0)35 692 89 89. MORE INFORMATION ABOUT THE CORPORATE SOLUTIONS OF SWIFT CAN BE FOUND ON WWW.SWIFT.COM/CORPORATES.