



Progression Paths in Enterprise Societal Value

ARÇELİK: A REGIONAL POWERHOUSE GOES GLOBAL BY LEADING WITH PURPOSE

Progression Path Stage: Pathfinder,
with elements of Pacesetter



Zeynep Özbil's path to her current role as CCO of Turkey-based Arçelik was different from that of most CCOs. Instead of starting her career in the craft of communications and growing into leading its purpose, she began her career working on societal purpose – specifically, on sustainability – and then moved into comms leadership roles. She brought both to bear when she was hired in 2016 as Global Head of Communications by Arçelik's new CEO, Hakan Bulgurlu, to create the company's first global communications function.

Arçelik was already a leader in its industry. With 32,000 employees, 12 brands including Beko and Grundig, sales and marketing offices in 34 countries and 22 production facilities in eight countries, Arçelik is Europe's second largest white goods company, selling in nearly 150 countries and capturing nearly 70% of its revenues in international markets. The company's R&D ecosystem spans 20 centers across six countries, including alliances with world-leading universities such as Cambridge, MIT and Harvard.

What it lacked was a consistent way to tell its story and define its global corporate brand.

"My role was to set up a global communications function for an increasingly global organization. For the first six months, I was basically doing an audit of Arçelik, looking to identify gaps," Zeynep recalls. "There was no structured reputation management, integrated comms strategy or corporate narrative. At the time, it was a manufacturing organization that focused almost entirely on product marketing. Added value from comms was seen as 'soft.' There simply hadn't been a perceived need."

Historically, Arçelik Comms was reactive and local, not proactive or international. The company had grown organically and in the last decade through acquisitions in emerging markets, while expanding its manufacturing and consumer brand network. Importantly, sustainability was already deep in the company's DNA, highlighted in its global vision of "Respecting the World, Respected Worldwide," with a solid base in manufacturing and product development.

In the four years since her arrival, Zeynep and her team have seized upon this legacy, using societal value as a means to integrate the company – conceptually, strategically and reputationally, in its brand, culture and organizational systems – and to create a Pathfinder comms function. Her expertise in sustainability gave her the knowledge and authority to transform Arçelik's vision from a motto into a defined strategy integrated in all units and processes and to develop a global corporate narrative that speaks to the most urgent topics of today's global agenda.

If purpose-driven communications was Zeynep's specialty, new to her was the challenge of taking part in the transformation of an organization with the objective "to rejuvenate itself and its industry to become a trusted and sustainable lifestyle solutions provider of the digital household." This case study tells the story of how she and her team handled that challenge, including the transformation of Arçelik Comms, and how she has become a central strategic and operational leader of a global enterprise.

How did the CCO move to Stage 2/Pathfinder?

Although Arçelik had built sustainability into its manufacturing and product development, and though its CEO saw sustainability as both essential to the future of humanity and a profitable business model, the world did not know any of that, nor did buyers of the company's many consumer products.

"Most fundamentally, as a company, they weren't used to talking," she says. "So the initial step was acquainting the organization with the field of communications and the kind of added value and benefit it could bring to the table, so that I could welcome all different functions aboard a successful journey."

Arçelik was a classic "house of brands," a collection of separate pieces lacking global corporate awareness interconnecting its consumer brands. So Zeynep leveraged sustainability as an enabler to develop an impactful global narrative. She took part in integrating sustainability into a white paper laying out the strategy for the next five years, which was signed onto by the C-Suite. It concluded:

"We should place sustainability at the core of our business model, making it a way of life. Our value chain should be completely sustainable by considering and reducing environmental and social impacts through product life cycle. Also, we should differentiate with our environment-friendly and energy-efficient production, products and services. Our sustainability vision complies with the UN's SDGs [Sustainable Development Goals] that mainly cover responsible consumption and production, collaborations with society, innovative clean technologies and transparency."

"Today," Zeynep says, "sustainability is our business model." She sits on the Sustainability as a Business Model Steering Committee and leads the Sustainability Communications Committee, both of which secure cross-functional integration and alignment between the mid-term objectives of communications and business.

Her first step was to demonstrate a consistent approach and measurable delivery. She focused on quick wins to show the added value of communications and to initiate global awareness driven by financial communications, with the "Silk Road to Beko Road" narrative built on the company's solid global expansion stories in Asia. She also integrated issue management tactics to bring attention to Arçelik's production value – in this case it was a communications campaign for the TV technologies during the 2016 UEFA European Football Championship.

Based on those successes, over the next year she was able to identify the gaps and start laying the groundwork for a broader understanding of reputation management. This was when Zeynep began seeding the idea of more purpose-driven and business-oriented communications, as well as putting her mid-term communications roadmap into practice.

Initially, sustainability comms was largely a subset of communications on global expansion. Incrementally, the narrative changed. "It was almost a 180-degree shift," she recalls. "Earlier, sustainability was only part of it, but now sustainability is the conversation."

Zeynep's role evolved with the shift from Professional to Pathfinder in Societal Value Creation – integrating sustainability into the company's core business commitments. This accompanied a move from product comms to impact comms. "My job was not just to look at the organization and spotlight stories. My job was now to push the organization – whether through products or marketing – to create the stories that will feed into our global narrative."

Zeynep took a leading role in cross-functional projects to integrate Arçelik's CSR approach and comms programming capability with the aim of creating societal value. Today, they have multiple such programs:

Democratizing technology: Collaborating with local NGOs and influencers in South Africa to develop a Community Fridge project in line with the launch of Arçelik's Solar Fridge technology – a universally accessible, solar-powered solution for regions with no or limited access to electricity.

Eat Like A Pro: This was transformed from a marketing campaign into a global social initiative through collaboration with UNICEF. One million euros were raised through a social media campaign to fund UNICEF's program to tackle childhood obesity. Arçelik's Beko became the only private brand to appear in UNICEF's The State of the World's Children 2019 report.

Awareness-raising campaigns: CEO Hakan Bulgurlu tapped into the company's legacy of successful team mountaineering ascents, reaching the top of Mount Everest in 2019 after a 26-day trek. His expedition was developed into a wider global campaign to underline Arçelik's business goal to raise awareness of the need to reverse the effects of climate change. The multi-channel strategy reached nearly 500 million people.

The company is also ramping up its own sustainability goals. Arçelik succeeded in becoming a carbon-neutral company in global production operations covering 2019 and 2020. To strengthen this leadership position, it has committed to additional investments in renewable energy and energy efficiency projects to reach its 2030 sustainability targets: 100% of electricity used in global production plants to come from renewable sources where market allows; increasing its waste recycling rate to 99% and its use of recycled plastic content in products to 40%; and decreasing energy and water consumption per product in manufacturing by 45%.

"Arçelik had all the funding it needed for marketing, as well as the R&D expertise to develop eco-friendly innovations," Zeynep says. "I brought in expertise in program design – including the connection between a marketing campaign and a social initiative or a transformation. We went from just product PR to global sustainability narrative." Comms identified how a program or product has the potential to transform families, homes, and entire communities, she says. "It's the difference between creating an advertising or a communications campaign and making sure that all functions work together for the larger purpose."

The results of all the efforts throughout the company have been tangible. Arçelik is an Industry Leader in the Dow Jones Sustainability Index for Household Durables for two consecutive years in 2019 and 2020, listed among the top companies in the climate and water programs of the Carbon Disclosure Project and one of the supporters of the Task Force on Climate-related Financial Disclosures.

What elements of Stage 3/Pacesetter did the CCO achieve?

Arçelik's journey to make a difference with its products, production capabilities and social programs and its impactful global narrative are showing up in Pacesetter-level achievements – not only integrating Societal Value Creation into the fabric of the business, but innovating new knowledge, approaches and even technologies that change the way the world operates. Zeynep and her team developed a holistic sustainability approach called “In Touch Technology,” which focuses on three key pillars of planet, human needs and business to ensure that all sustainability efforts are aligned under a united global narrative.

One of the issues that Arçelik has chosen to address – and where its efforts reach a Pacesetter level – is plastic pollution.

By 2050, there will be more plastic than fish in the ocean. No wonder it finds its way into our food chain. Arçelik manufactures millions of washing machines and dryers each year and uses tons of virgin plastics in its products. As a household technologies company, it had a big opportunity beyond its own operations – to make sustainable consumption easier every day.

Using recycled polyethylene terephthalate (PET) bottles in the tubs of the company's washing machines and dryers was an idea that was developed with this mindset. More than 30 million PET bottles have been recycled since 2017, and the energy saved is equal to the annual energy consumption of 1,700 homes. This project not only reduces CO2 emissions but also decreases the cost per product. Zeynep currently works with various markets in its global network to develop a collaboration project with municipalities worldwide to collect millions of plastic bottles in each city to be used in their recycled pet tubs.

This project was also a catalyst for further efforts – to boost Arçelik's sustainability culture and to pave the way for thought leadership in the industry.

For example, more than 60% of the world's clothing is made of fibers such as polyester, nylon and acrylic. Now consider that more than 1 million microscopic fibers can be flushed into drains from a single washing machine load. This serious but largely unknown global challenge requires a systematic and combined effort from the industry – including sub-suppliers, fashion companies and producers of detergents, yarns... and washing machines.

In 2019, the company developed a technological solution: the world's first washing machine with a built-in filtration system that captures 90% of synthetic microfibers. Zeynep and her team pushed their R&D colleagues to turn it into a product story. And that engagement then opened up a bigger story – a broad vision for sustainability. Working with CEO Hakan Bulgurlu, Comms developed the opportunity for this technology to serve as a partnership platform, an open-source investment that Arçelik could provide to the industry.

The vision is turning into reality. “We are currently exploring potential business models for microfiber reuse,” Zeynep says. “We're aiming to create a circular economy solution which has the potential to offer various solutions collecting microfibers and recycling them into yarn that could be used in textiles. It's not clear whether we'll do that, but we are looking at those options.”

What were the keys to success?

- 1. Frame a solid communications base and establish building blocks.** Timing was key. Zeynep gradually scaled up Arçelik's global presence through incremental storytelling with the aim of achieving consistency and continuity. She initially focused on building global awareness of the corporate brand, then put a purpose-driven communications approach into practice.
- 2. Play an enabling role internally.** Zeynep and her team worked to have different departments establish ownership and take on "celebrity status" – both within the organization and externally. The success and the visibility gained by the PET project motivated different units and R&D teams to pave the way for new sustainability solutions.
- 3. Analyze and engage stakeholders.** "In our integrated work with Marketing, we evaluated NGOs, showing that UNICEF was the right outlet for a partnership in our Eat Like A Pro initiative. The way to do that is to have program design for your social initiatives. UNICEF is not going to come on board simply for a marketing campaign. UNICEF will come on board if there is a program and a proven benefit for society. It's extremely difficult to have a UN agency profile a global for-profit organization as a best case. That's the kind of value we can generate."

What challenges lie ahead?

Thanks to COVID-19, business finds itself in one of the most disruptive periods in modern history. Its fundamental impact on organizational culture, structure, practices, customer experiences and more are top of mind for Zeynep and her colleagues at Arçelik.

"Redefining our purpose in the next normal will be one of our key focus areas," Zeynep says. "It is now more important than ever to create real impact for our societies through collective action and build trust within organizations to drive change."

Arçelik Comms has been working with HR on a leadership culture project, looking to move from a hierarchical culture to a more relationship – and collaboration-based culture – to put people at the center of the company's efforts. "While transitioning to the future of work and the workplace, every effort should make an impact without eroding trust within the organization," Zeynep believes.

"As communications professionals, we have the power to foster this journey. That doesn't mean it's going to be simple. Whatever you may be doing, you can use the platform you're running to do good by doing what you do best. And that is the key to success."



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