

The Crossroad

How to get a company in the same lane

MANAGEMENT DECISIONS

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Decisions - which option did they choose?

This case is about the company Oatly. Even though there was resistance internally within the company, after a lot of consideration, Oatly choose to go with option number one. They changed their marketing approach and put a lot of efforts into changing the brand from a product brand to a corporate, lifestyle brand. The new creative director changed the creative profile distinctively with new packaging and new copy. The new profile stood out from competitors by being innovative as well as provocative.

Internal work- how did they implement the decision?

In order to implement the decision, the management of Oatly decided upon a strategy that covered several areas. Their top priority was to stabilize the internal turmoil of the company and for that reason, management kept an open dialogue with the employees, motivated them via an event and created a book depicting the change.

Both the new CEO and the creative director put in a considerable amount of time into listening to the concerns of the employees and answering their questions. According to an employee, the skeptic staff was continuously met with elaborate and relevant answers and management kept communicating the change as it progressed. Additionally, creative director John Schoolcraft believes that one reason why employees believed in the change was that management did not only *talk* about the change but also *acted* in a way that supported the vision, showing the employees that management also was part of the change process.

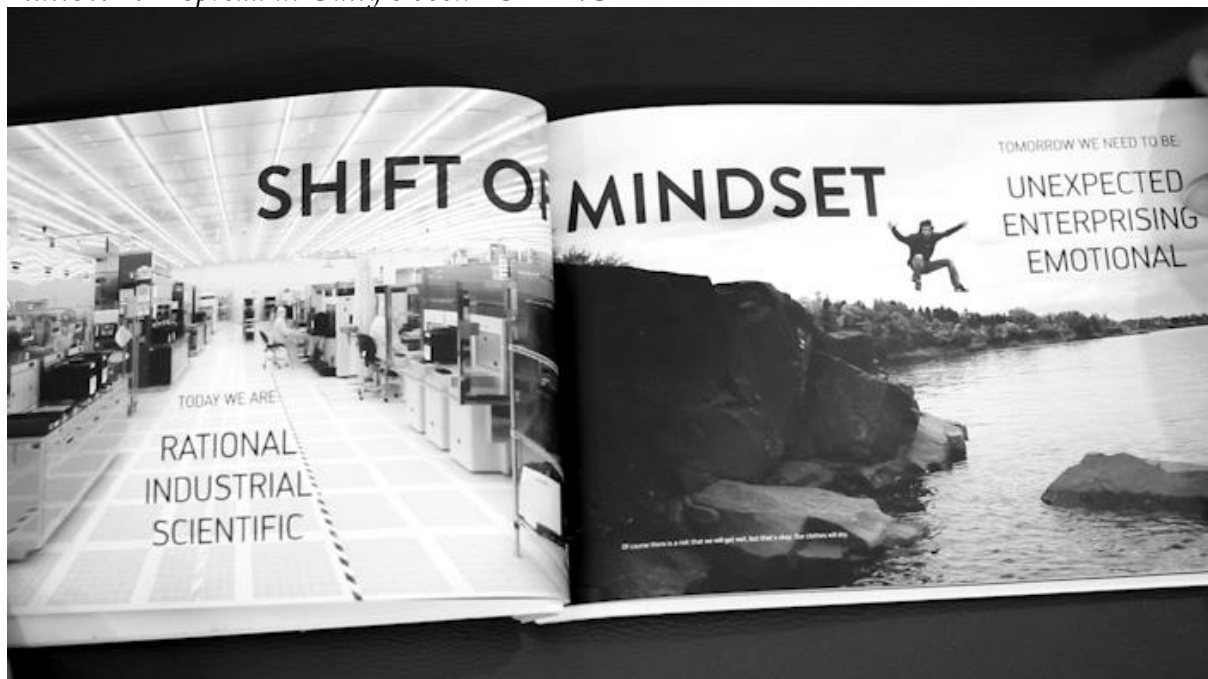
Furthermore, the whole process of change started with a kick-off where all employees were invited. That way, management believed that the company could once again feel a "togetherness" after the previous turmoil. Additionally, the kick-off was designed to invoke inspiration and motivation as they understood that a change process might potentially require blood, sweat and tears to succeed.

Of course, some of the skeptic employees were not convinced by a grand event and a few comforting answers from management, after all their opinions had been overruled and they were now forced to implement a management decision they disagreed with. This was a sensitive matter, but one employee revealed that some of the skeptic staff quit their job when the change commenced, and a few employees were asked to leave. It seems like top management understood that it would be difficult to successfully implement a strategy if some members of staff implicitly would fight or resist it.

On a last note, Oatly created a book called "CHANGE" (see Exhibit 1), outlining the change process and its arguments. The book described Oatly's history and the path it was about to take on. One could also read about the different values of the company and how they would be adjusted to fit with the new vision. This book is still today being used and all new employees reads this book in order to understand the journey of change that Oatly has gone through.

By combining the efforts stated above, management were able to lay the groundwork for a strong culture that created a unified Oatly over time. By ensuring that the employees were on board with the change and understood its importance, the company became better equipped to handle the change process. Looking back at the process, the middle manager said that the best outcome of the decision was that Oatly became much braver.

Exhibit 1: A spread in Oatly's book "CHANGE"



Outcomes - did it work?

Now, when some time has passed since the big transformation we can actually see the outcomes and implication of this choice of path. Oatly made big headlines when they, together with their advertising agency Forsman & Bodenfors, redesigned their products and by that changed the perception of the company.

The design

The design (see Exhibit 2) was greatly awarded and won a silver and a bronze in Cannes Lions 2015. One member in the Cannes Lions jury expressed the brilliance with the design as a great example of when a product leads the campaign and sets the tone of voice for the whole production. The admiration for Oatly's design has continued

over the years, and they also received the price “Guldägget” 2016 for their unique design. The copy that plays a big role in the design has also been acknowledged and awarded.

Exhibit 2: The new graphic design for Oatly

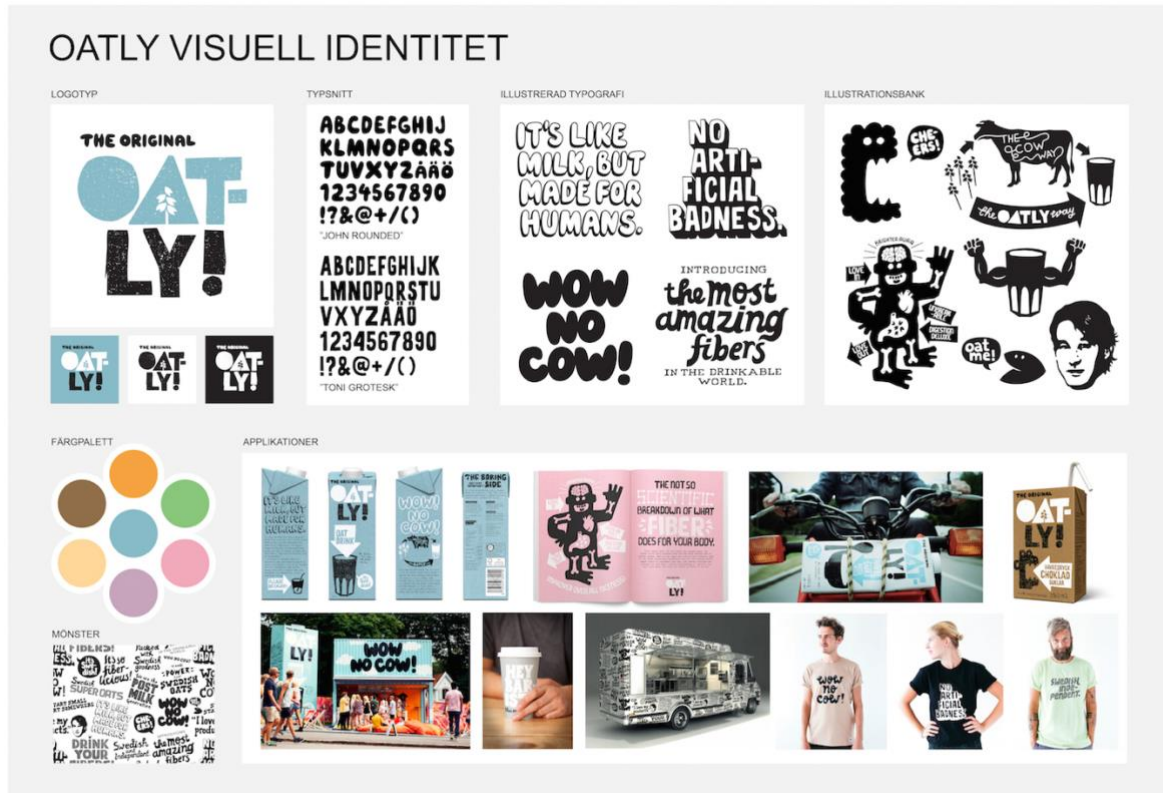


Exhibit 3: The old graphic design for Oatly



The reputation

“Svensk hållbarhetsranking” is the largest sustainability survey in Sweden and has been carried out annually since 2004. The research is conducted at Stockholm Business School as a part of a study about the relationship between brand, reputation and sustainability. The study includes 190 of the most known and influential B2C companies in Sweden. In 2016, Oatly placed third in this ranking right behind IKEA and The Body Shop. The third place, did not only mean that Oatly placed themselves top-three, but also that they were the only company in the FMCG industry that was ranked so high. This illustrates how strong the Oatly brand has become and that its core values have been successfully perceived by the consumers.

Profit and Markets

Oatly has today reached their vision of expanding to USA and Asia. They are now present in almost 30 countries in Europe, North America and Asia. This development is also illustrated in the increase of profit over the years. Oatly did, before the transformation, show a good growth curve, but numbers show that the exponential increase in net sales have increased dramatically over the years. Exhibit 1, shows the net sales of Oatly from 2012-2016. The brown color illustrates the time before the big change and the blue color marks the time after the change. Exhibit 3, shows the procentual increase in profit the years after the transformation. This further gives an understanding of the successful journey Oatly have had and still pursuits.

Exhibit 4: Diagram over the net sales of Oatly, from 2012 to 2016.

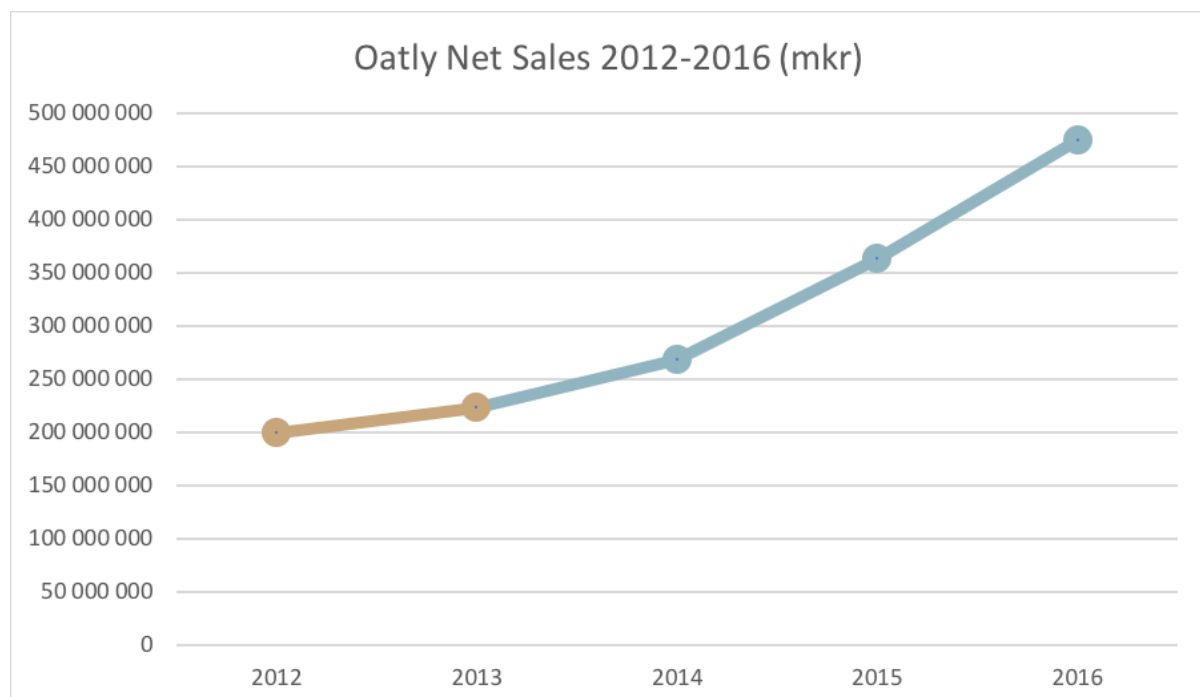


Exhibit 5: The procentually increase in net sales in relation to the previous year, from 2014 to 2016

