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CULTURE Breeds SUCCESS

Five years ago, Sanitarium realised it needed to invest more in leadership and culture. Now the company has seen tangible benefits from this investment and has strengthened its business remarkably.

Images by David Benson

“In the past five years, we’ve invested very heavily in the softer side of the business: in leadership and culture.”

- Todd Saunders

Every Australian child knows Weet-Bix, the iconic breakfast cereal from Sanitarium, a company that is more than 116 years old and whose aim is to create healthy, affordable food for all Australians. Todd Saunders is the general manager of Sanitarium, and is a complete believer in the company’s ethos.

Todd started his successful career with the company in his early twenties. “I’m an accountant by profession, and I actually started my career at Sanitarium back in the 1990s. I moved around in manufacturing and distribution and then became the company’s youngest finance manager—I think I was 27 years old—and then the youngest CFO at 29.

“I then went out on my own. I was a management consultant largely working in mergers and acquisitions with smaller listed companies, private equity, and venture capital funds. In 2009, I came back to Sanitarium as their strategy and development manager. In 2011, I was promoted to Sanitarium general manager for Australia.”

For Sanitarium as a company, and for Todd personally, they realised five years ago that while they were investing heavily in technical and professional training for their employees, there was a lack of investment in culture and leadership. “We had all of these people who are technically excellent as managers, functionally excellent, but we seemed to have an absence of leaders.

“We decided to deliberately invest in leadership, and we realised that it was wider than leadership and we needed to start investing in culture. In the past five years, we’ve invested very heavily in the softer side of the business: in leadership and culture. And we’ve rolled that out to everybody who leads people in the business.”

To make these sweeping cultural changes, Sanitarium commissioned Human Synergistics as consultants. Chairman of Human Synergistics in Australia Shaun McCarthy has welcomed the partnership. He says that there were a number of ways his company helped Sanitarium to improve culture and leadership.

“One is in terms of applying a methodology. We have a methodology around culture >



change of leadership development that Sanitarium adopted; second, measurement and feedback tools—the use of leadership feedback tools, use of organisational culture survey tools to obtain information about the current state and make some very clean choices about what they wanted to do to improve the way the organisation functions.

“Part of that then was building internal capability in the organisation so that they could do this themselves, supply the methodology, use the tools, and coach people through what needed to be done differently to improve performance.”

One thing Shaun stresses is that for a company to make a real commitment to this kind of improvement in culture, there’s no quick fix. “It’s an ongoing process. You’re always working on your culture whether you realise it or not.

“So it’s a question of how the elements in an organisational

culture, which includes leadership, are helping or hindering. It’s something that is never finished. We have organisations that have been working on the culture for nearly 20 years; they keep looking for ways to improve.”

Human Synergistics is especially impressed with the work it has done with Sanitarium and the commitment it has made. “Sanitarium is unique in that from the CEO down, these people are really committed to making a change. It really does take courage and commitment, and in Sanitarium we have both of these things, so that is outstanding. While we might have thousands of clients, there’s a small number of organisations that I would say are totally committed to what they’re striving to achieve and the process that they are using to achieve it. It’s very exciting for any consultant to be working in that type of environment.”

Todd is also extremely happy with the impact the Human Synergistics

tools have had on Sanitarium and its people. “The tools that Human Synergistics brought to us are permanent, and that’s why we saw enormous value in them. They were ones that we could keep using in the workplace, and we’ve now been using them for five years, so repetition breeds familiarity and ensures people use them. The second thing about the Human Synergistics tools is that they created a common language in our organisation; everybody is using the same tools.

“Our relationship with Human Synergistics has been fantastic. We’re pragmatic people, and we

“A successful business relationship with Sanitarium has developed due to the open communication ethos employed. The recognition that all stakeholders need to be engaged from the beginning of the innovation and development cycle, allows for fast-tracking an innovative idea to a successful commercial launch.” - Tony Readshaw, Business Development Director, Invita Australia Pty Ltd



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- Shaun McCarthy

find the people from Human Synergistics give us pragmatic advice about how we can put the theory into action, what matters, what’s important, and what’s not as important. So they help us shape those priorities and just keep us honest to our own objectives in that respect.”

One key aspect of making this massive change was ensuring the entire company was on board. “The middle and lower management clearly were looking to the top team. We agreed really

early on with my senior leadership team about how we were going to model this behaviour that we aspire to, the common standards that bind us all as a senior leadership team, and how we would model that in the workplace.

“So, effectively we made an agreement with ourselves that this is what it looks like, this is how we are going to act: we’re going to walk the walk. Once the lower levels of management could see us doing that, they said, “They’ve committed to this; this is real!” >



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Source: www.gisymbol.com

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Tea, green, brewed	1,253	191

Source: USDA Database for the Oxygen Radical Absorbance Capacity (ORAC) of Selected Foods, Release 2, 2010. <http://www.ars.usda.gov/nutrientdata/orac>

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“New products would have traditionally taken 18 months to roll out, and we were able to bring those cycle times down to six to eight months.”

- Todd Saunders

Todd also acknowledges the difficulties in this process, and that not everyone at Sanitarium was as enthusiastic about it. “There were, of course, some people in the organisation who said, ‘No, I don’t want to be part of this’, or ‘I don’t want to behave in a different way’, or ‘I don’t aspire to those standards of behaviour’. And we had a lot of conversations with everyone in the organisation about what it meant to be ‘on the bus’.

“Something that we made really explicit in all the conversations was: ‘If you don’t want to be on the bus, you have to get off the bus’. And of course there were some people who chose to leave the organisation as a result. That’s an outcome of being very clear about the sorts of behaviours and the ways of working that we expect here, and they ultimately chose not to be part of it.

“We encouraged them to leave because the culture, to us, is paramount. Unless we’re very clear and open about what we expect of people, and then hold people to account on that basis, then what’s the point of having a program?”

Not only has it worked well in the company, but statistics show that Sanitarium is leading the way with this type of program. “We’ve just done some further work with the Human Synergistics team on our senior team’s leadership impact, and they described our outcomes as being in the top 10 per cent of teams globally, which is encouraging. We have a really strong team. Certainly, it is a trickle-down effect, and it takes some time to have the effects felt all the way through the organisation.

“I reflect back on my own senior leadership team and I say this is

the best team that has operated at this level at Sanitarium. While we value intelligence and experience, the way the team works together is far more important. We’ve got a team of great human beings with great behaviours who are leading the company forward.”

The outcomes that Sanitarium has seen directly from the Human Synergistics program have been outstanding. “The tangible outcome for us, in a fast-changing industry, is the fact that we can now respond more quickly with innovation to the needs of the market. A lot of the skills we’ve learned we’ve applied directly to the way we bring new products to market, the way we take risks together, the way we work together and inform each other of the progress that we’re making. That’s a very tangible outcome.

“The new products that we’ve launched to the market in even the past 18 months—coconut and almond milk, some of the larger sizes of UP&GO, Gluten Free Weet-Bix, high-protein Weet-Bix, products like that—we would have traditionally taken 18 months to roll out, and we were able to bring those cycle times down to six to eight months.”

Sanitarium has always been committed to innovation. “We had

“We at The Product Makers (International Flavour Company) are proud to be associated with Sanitarium. Our partnership has been forged through sharing values of care, health development, integrity, and passion. These are cornerstones of common business attributes, together valuing our involvement in improving food products and our communities.” - Jacqueline Baroni, Business Development Manager, The Product Makers

cafés in the early 1900s. We had our own health-food stores right up until the mid 1980s. We always were seen as people who were happy to ‘have a go’ and invest in either a unique distribution channel or unique products.”

Todd admits, however, that they haven’t always done it right. “Having said that, though, the world has become a lot more competitive in the past 20 years, so ensuring that your core business is strong and that you can innovate from the strength of your core business is something that we’re all focused on.

“We probably weren’t as good at doing that in the past 20 years as we should have been, and as a result we were starting to take innovation further outside of our core business, and some of those investments weren’t paying off. For example, we invested in a water product and a lunch product, and those innovations didn’t work for us.

“We have a reputation for being innovative, but ensuring we innovate directly from our core business is something we brought back into vogue, and we made sure that we could do it very well.”

One of Sanitarium’s recent innovations has been incredibly successful and also a little surprising. “The star of the show is Gluten Free Weet-Bix, and it’s gone from strength to strength. Our factory is working hard to keep up. It’s selling very well in both Coles and Woolworths, and in fact for 16 weeks in a row we saw increases in sales of that product as people became aware of it.”

Deciding to make a completely gluten-free product was a big shift for Sanitarium, the wheat experts. “Before we even talked about the physical plant, philosophically in our own minds we had to ask, ‘Do we want to do this?’ and ‘What does Weet-Bix stand for?’

“We got over that fairly quickly because there’s a need for this



product in the community, and our underlying philosophy is to make sure people get access to nutritious food at the right prices. So we said, ‘Right, we want to be in this space’. Then we had the issue of no grain, no facility, no idea how to make it, because we’re the wheat cooking experts. And gluten free means just that—you cannot detect gluten anywhere—so it ruled out a lot of our bigger plants.

“In February last year, we took a small plant that we had in Perth and asked, ‘Okay. What would it take to convert this to a gluten-free facility?’ Then we had to decontaminate that factory completely from wheat. It had been producing Weet-Bix well before the Second World War, so you can only imagine the changes to the process that had to be in place.

“We isolated that factory and committed early, and we got to the other end completely wheat free, with a product that handled and behaved exactly the same way that Weet-Bix behaves in the bowl. That was important to us because people have grown up with Weet-Bix, so they want access to it again in terms of gluten free; but it should taste similar, it should behave in the bowl in a similar way. We’re pretty proud of the way we got to that.



“So we look back on that as something that’s a real milestone in the company, a real success. But notwithstanding that, even in our own UP&GO, in our core business, and our liquid non-dairy beverage businesses, the success of coconut and almond products has been fantastic. The success of our large packs of UP&GO has also been fantastic. We’ve had a great run in the past few months with products that have hit the shelves and are still successful today.”

Sanitarium has also been innovative with its marketing, especially in the social media space. “I think every company has this challenge: how does digital fit into your communication platform going forward? It’s a very dynamic tool, and you can certainly reach a lot of people at once. I think it’s fair to say we’re still in the early days of planning that into our own advertising mix.

“We still like to communicate through traditional television advertising, but we realise more and more that there are a lot of people who are fans of our products and we need to ensure we can build the reach to them. So we’re investing now in the Weet-Bix Facebook page, UP&GO Facebook pages, and considering how we can interact with people on that basis.” >





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When it came time to launch Gluten Free Weet-Bix, the first place Sanitarium announced it was on social media. "We released that product with a Facebook rumour. We had the approach that people would go, 'Well, that's something that Weet-Bix would never do', so we started a rumour—'Is it true that Sanitarium is bringing out a Gluten Free Weet-Bix?'"

"Now, the passionate reproduction of that reached up to a million people very quickly. We're at the beginning of that journey; we've got a long way to go, but we can certainly see where we could take it."

Another thing Sanitarium is extremely proud of is its relationships with suppliers and retailers, which they see as key. "We apply the same rules to both suppliers and retailers. We're not seen as adversarial. We've been around for a long time, and we try to be collaborative."

"Relationships are really important to us, so if we do business with people we tend to want to do business for a long time. We're not in and out of relationships that quickly, so that leads us towards the partnership space. We like to have long-term relationships, so will connect at multiple levels with supplier and retailer organisations to help them understand what it is we need to make our business successful, and we ask them to partner with us on that basis."

"We don't see it as transactional; we have a distinct aversion to dealing with suppliers on a transactional basis. We see suppliers and retailers as strategic partners, so we're always aspiring to do that. And I think the investment in culture helps us in that respect because it ensures that we aspire to those behaviours that do in fact lead to better strategic outcomes."

What next for Sanitarium? Todd and the rest of his team have big plans to cater products to customer needs. "I think where you'll see us head in the next few years is coming back to that portability of breakfast and a move towards 'snackification'."



"Investing in people is just as important as investing in any other part of your business."
- Todd Saunders

"I think it's important that we design products that people can take with them to work, that are convenient, that are in single-serve sizes. So I think you'll see us head in that direction. We'll continue our investment into liquid breakfast, so you'll see different formats of liquid breakfast come out in the future, and steered

towards not just the youth market but the adult market as well.

"We're quite excited about where we can head. We certainly recognise that portability and convenience are absolutely key to consumers, going forward. They don't necessarily want things in big boxes; they want a solution for the issue that they face, which is: 'What am I going to eat for this meal wherever I am?' That's something that's absolutely widened to all the innovative thinking that we do."

And what would Todd say has been the key to Sanitarium's recent success? He has one answer: people. "We're very proud of what we've achieved, to be honest. We reflect on what's happened over the past five years, and I think all of us would say we didn't realise the power of investing in leadership and culture when we first started on the journey. Now we completely recognise it, because the thing we've learned out of all of this is that

people are more important than anything else.

"They're more important than your brands, they're more important than the machinery or the land and buildings. Anybody can have those things, but it's the way you bring people into your business and the way they interact that really makes a difference."

"We can proudly say we're an employer of choice now. We've won 'employer of choice' awards in the past year. We are attracting people to the business who otherwise would not have been attracted to the business before. That's bringing talent into our organisation that we previously haven't had."

"The fact that we call our people our most important assets is something that we're proud of now and is something that I would highlight. Investing in people is just as important as investing in any other part of your business." ◉



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