

# Leading Change in Talent at L'Oréal

On a sunny morning in March 2018, Jean-Claude Le Grand, Senior Vice President (SVP) Talent Development and Chief Diversity Officer at French cosmetics company L'Oréal paced his Paris office as he clarified his thoughts for a meeting with L'Oréal CEO and Chairman Jean-Paul Agon. Le Grand had recently been appointed to the company's Executive Committee (ExCom) — a 15-member group of the company's top executives. As the new Executive VP HR — as of July 2018 — he would be responsible for the hiring, development, promotion, and retention of approximately 83,000 employees worldwide.

Le Grand's great passion was nurturing people. He strongly believed that for the company to live up to its mission of "Beauty for All," it needed to be as diverse and inclusive as the world itself. Moreover, influencers, beauty bloggers and a diverse consumer base were all challenging the company to create brands and products that were more inclusive and met the needs of every form of beauty in every culture (See **Exhibit 1** for selection of headlines). However, the top layers of the firm were still largely composed of people like himself — male, French, elite-educated and *Bébé* L'Oréal (a term used by employees to describe those who had spent their entire career within the company). (See **Exhibit 2** for ExCom.)

The company had made not just public commitments, but also visible progress on diversity. In 2017, women held about half of the top 1,000 positions (up from nearly one quarter a decade ago). Likewise, over half of the top 1,000 were non-French, from 64 different nationalities. Moreover, the company had also moved away from its model of largely French, male executives serving as expatriates. Rather, an increasing number of emerging market leaders were from their home region (for instance, 89% of leaders in the Asia Pacific region were from the region). Yet, Le Grand was also keenly aware that important disparities persisted at the top of the firm. About one third of the top 250 strategic positions were held by women. (See **Exhibit 3**.) And while 40% of revenue came from emerging markets, only 7% of the top 250 managers came from those markets.

Furthermore, observers noted that the L'Oréal culture was notoriously strong and not easy for outsiders to penetrate. Le Grand viewed the company's tight-knit culture as both a blessing and a curse. The company was amazingly successful; L'Oréal was the market leader in its industry with €26 billion of revenue in 2017, an increase of 5% over 2016. However, it was also hard to change. Le Grand literally couldn't and didn't want to throw the *Bébés* out with the bathwater; he firmly believed that a core part

of the company's strength was its people. However, living up to the company's global mission was a challenge that depended on continuously nurturing diverse talent and creating an inclusive culture.

Le Grand was preoccupied with three main concerns regarding talent throughout the company for his meeting with Agon. First, the gender gap at the top seemed to be a tough problem to crack. Second, was the gap in emerging market leaders. Third, was the *Bébé L'Oréal* culture. How could he attract and support talented, entrepreneurially-minded leaders from inside and outside the company and empower them to act as change agents? How could he get those like himself to change? How could he preserve the best aspects of its distinctive, tight-knit culture and ensure it was open and inclusive to the changing composition of its workforce?

## L'Oréal

**Mission, Strategy and Performance** L'Oréal's mission, "Beauty for All", envisioned offering "all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety to satisfy all their desires and all their beauty needs in their infinite diversity." In order to achieve this mission, L'Oréal adopted a strategy of "universalization", which it described as, "globalization that captures, understands and respects differences. Differences in desires, needs and traditions."<sup>1</sup> In 2017, L'Oréal reported €4.68 billion in operating profit and a record operating margin of 18%. (See **Exhibit 4** for financial performance and **Exhibit 5** for breakdown of sales.)

**History and Growth** In 1907, Eugène Schueller, a graduate of *École Nationale Supérieure de Chimie de Paris*, created his first hair dye formula using a blend of harmless chemical compounds under the name Oréal. At the time, dyes on the market used henna or mineral salts, which produced a bright and artificial look. Schueller's dyes, however, provided a subtle range of colors. In 1909, Schueller founded *Société Française des Teintures Inoffensives pour Cheveux*. His hair dye soon became popular among Parisians and, after the First World War, caught on internationally. Italy, Austria and the Netherlands were among the first international markets, but the hair dye also reached the U.S., Canada, the U.K. and Brazil. In 1939, the company officially changed its name to L'Oréal, with premises at 14, rue Royale in Paris, still the company's head office today.<sup>2</sup>

The company's growth came through both acquisitions and entering new geographic markets. In the 1960s, L'Oréal acquired Lancôme to move into the upmarket cosmetics sector and Garnier to expand its selection of haircare products. In the 2000s, it acquired companies such as the U.S. brand Carson and the Japanese brand Shu Uemura to expand the racial and ethnic diversity of its consumer base.<sup>3</sup> (See **Exhibit 6** for an overview of L'Oréal's brands.) Geographic expansion began in the 1970s, with the creation of a multi-divisional organization in Latin America; by the 1990s new subsidiaries had also opened in Asia.<sup>4</sup>

**Organizational Structure** L'Oréal was a complex matrix organization, with divisions and regions. The company had four operational divisions: Consumer Products (CPD), L'Oréal Luxe, Professional Products (PPD) and Active Cosmetics. CPD sold products via mass-market retail channels, Luxe products were only available in selective retail outlets and PPD products were sold in hair salons and beauty institutes. The Active Cosmetics Division comprised dermocosmetics products, which were sold through health channels, such as pharmacies, parapharmacies, and drugstores.<sup>5</sup> The company was also organized by four major geographic zones: Western Europe; Eastern Europe, Africa and the Middle East; Asia Pacific; and Americas. L'Oréal operated in 150 countries, which maintained full P&L responsibility within the regional zone structure. Every L'Oréal employee reported to a divisional manager in the country and a country manager from the corporate function. Four division chiefs and four zone managers, reported directly to the CEO. The division chiefs were responsible for guiding

overall brand strategy, global brand sales and profitability, and marketing. The zone managers were responsible for sales in their respective regions, and, more broadly, for executing sales strategies.

In addition to the multi-divisional and regional structure, there were several important corporate functions: (1) *Direction Marketing International* (DMI) was responsible for product development (working closely with research and innovation) and global marketing for each brand. Based in the country or region of origin of their respective brands, the DMI teams devised global strategies, fine-tuned development processes for new products and coordinated the deployment of their brand strategy worldwide.<sup>6</sup> (2) *Research and Innovation* (R&I), which comprised 20 research centers—including 3 global centers in France and 6 regional hubs (United States, Japan, China, Brazil, India and South Africa),<sup>7</sup> employing 3,870 people. R&I filed over 498 patents in 2017.<sup>8</sup> L'Oréal invested €877 million in R&I in 2017. (3) *Operations*, which developed, manufactured and supplied consumers with L'Oréal branded beauty products. The Operations department employed approximately 19,000 people in head offices, factories and distribution centers. The Operations teams were present in 41 plants and 155 logistics sites worldwide. (4) *Human Resources* (HR), which consisted of 1,600 people around the globe, was responsible for the entire range of talent management activities. The company had a strong reputation in the labor market; in 2018, the company ranked eighth in Universum's ranking of the World's Most Attractive Employers, which polled 294,000 students and business school graduates.<sup>9</sup>

**Culture** The company was known for its marketing-driven culture. One country director, who had spent much of his career at another firm before joining the company, said, "L'Oréal is not a company of theoretical strategies but of executions. If you look at it carefully, they are very rigorous on strategy long term, but they do not think it's important to formalize it. When I see the yearly international brand presentations in Paris with all the marketing executions I am blown away, I call my wife to tell her I have seen the most incredible presentations of my life. It is astonishing. Then you understand what L'Oréal is and why L'Oréal is successful: it's because of an incredible passion for excellent execution."

The culture was also competitive. The same country director continued, "The culture of L'Oréal is seen as very tough. There is a famous story of a meeting room in Clichy that was called the confrontation room; in normal companies meeting rooms are called with the names of flowers, birds." Another non-Bébé L'Oréal leader said, "It's a company where you have to fight because this is their culture, they are fighters. They want to win against competitors. Internally it's the same—you must be ready to fight." In 2017, the company started a change initiative called Simplicity to shift the culture to be more innovative and collaborative. (See **Exhibit 7** for example of Simplicity posters.)

**Trends** "Digitalization" was transforming the company. In 2014, L'Oréal appointed a Chief Digital Officer to the ExCom to lead and support the company's numerous initiatives in e-commerce and digital marketing. Key activities included developing 'beauty companions', digital services to guide consumers and help them to choose the right products.<sup>10</sup> L'Oréal was also adapting to the ever more dynamic world of digital marketing, investing 38% of its media budget in digital platforms.<sup>11</sup> In 2017, e-commerce sales grew by 33.6%, with the largest growth coming from China, where it represented almost 25% of sales.<sup>12</sup> The strongest segment was the luxury segment.<sup>13</sup>

## Le Grand—Change Agent at L'Oréal

**Early life** Born in Paris in 1965, Le Grand grew up in a family of entrepreneurial women—his mother, grandmother and great-grandmother all led their own businesses in the fashion industry. He began his schooling in the wealthy Parisian suburb Neuilly-sur-Seine. He commented, "I was with the

children of bankers who were brought to school by drivers. It was a protected world. I was with super educated white people; they were all the same.”

Le Grand’s family later left its privileged Parisian lifestyle for Marseille, from where his mother’s family originated. He continued his education in a high school in a disadvantaged area of the city. He recalled, “40 years ago, it was very eye-opening. There was a huge level of immigration; there were people from many different cultural origins. I remember being in the Marseille football team’s stadium, which is in the center of the city, and it was a shock, it was a huge melting pot.”

Soon after completing his studies—an undergraduate degree at the Institut d’Etudes Politiques in Aix-en-Provence and a post-graduate Master’s Diploma in Human Resources Management from Dauphine University in Paris —and a short stint in HR at another company, Le Grand joined L’Oréal. Le Grand was strongly aligned with L’Oréal’s values and its long-held dedication to “the importance of people, people, people.” Rising through the ranks of the HR organization, he sought to build on the work already done in the HR organization for several decades. (See **Exhibit 8** for Le Grand’s bio.)

**HR organization** At L’Oréal, the HR organization worked closely with the business. In an annual review process, business and HR leaders worked together to match “talents” to key positions within the organization.<sup>a</sup> For the top 250 strategic positions, Le Grand worked with the top-most business leaders; for the top 1,000 key group positions, divisional and zone HR executives worked with the division and zone managers; and for the key local positions, country HRDs played a vital role. Le Grand stressed the centrality of HR to the business, noting, “The reality is that among our greatest talents, the turnover is 50% of executives. It’s not just the costs, it also means that you are building on sand.” Other HR leaders shared this view. A global VP of HR said, “To ensure that the HR function is at the core of the business strategy, you need proximity and to know your employees. In some companies you have one HR person for 1,000 employees. For us, the average ratio is 1:200 or 1:300 max. Then you can see the best way to develop people and truly work on their career progression.”<sup>14</sup>

**HR philosophy** Le Grand was passionate about the role of HR professionals in employees’ lives, “It’s a noble profession that only very few people are qualified to do; I would forbid 99% of people to work in HR.” He took a hands-on people-centric approach to his HR responsibilities. Marcelo Zimet, Country Managing Director at L’Oréal Argentina, recalled, “I was working with a person for six months and Jean-Claude had a half hour conversation with him and later told me, ‘You know, that person was in the war when he was very young and he was responsible for calling the families when young soldiers died.’ I said that I didn’t know that and I was surprised, since I thought I knew this person well. Le Grand has a special skill to connect with people quickly and to really understand them.” Le Grand explained, “I try to encourage HR managers to spend time with people to find out what is unique about them; it is something that can only come out of a conversation. It is different from looking at a CV line by line; I don’t care about that.” He continued, “We can have a huge impact, because we take care of a part of people’s lives where they spend a lot of time, their professional life. I often say: I don’t do HR, I take care of people—I know a lot of people that do HR, but few who take care of people. That is what has animated me throughout my career; having an impact on people’s professional development and seeing them grow is the real success for me.”<sup>15</sup>

A key pillar of Le Grand’s HR philosophy was that change needed to be forcibly imposed in order to make progress: “Like everyone else, I would prefer to believe that forcing things isn’t the solution, but you have to admit that it does help a little. It allows you to take the first step.” However, he also

believed that, “The future of HR is to empower people more. The future will center on self-learning, self- management of careers. The future is not to control everything, but to delegate and to share.”

**Diversity perspective** L’Oréal had long stated that diversity in human resources was a strategic lever for performance and growth.<sup>16</sup> Le Grand said, “The best competitive advantage of L’Oréal is our capacity to innovate; it’s our creativity! It’s in our roots to challenge and rethink our brands, products and ideas. Of course, this implies being consistently open to different viewpoints. People with different ages, gender, backgrounds, religions, experiences or origins enhance creativity and innovation.”<sup>17</sup>

Moreover, Le Grand was driven by a personal desire to be an agent of change on the issue of diversity. He said, “Why do I care so much about the topic of diversity? I’m white, I’m a man, I’m fifty ... I have no reason to do anything. I’m the pure representative of the vast majority of people doing nothing. My purpose is that we, as the majority in companies, we have to change.”

To create change in the composition and culture of the company, Le Grand had led a range of formal and informal activities. A pioneering site of his activity was the global diversity team at L’Oréal which focused on supporting diversity and inclusion among employees and the business broadly.

## Global Diversity and Inclusion at L’Oréal

L’Oréal embarked on its formal diversity and inclusion (D&I) activities in the early 1990s, when L’Oréal France launched a program to integrate people with disabilities into the company. Eventually, this work grew into a corporate level diversity team under the HR organization located in France and reporting to Le Grand, who, in 2007 was appointed SVP, Diversity. L’Oréal’s International Diversity Director commented on Le Grand’s vision, “He seized the right moment to make diversity a priority and bring to life the company’s mission of ‘Beauty for All’.”

For more than a decade, L’Oréal’s D&I strategy had been focused on three main pillars: disability, gender and socio-economic and multicultural origins.

**Disability** L’Oréal was publicly committed to creating an inclusive workplace around disability. Over the years, it actively communicated to prospective employees, recruiters and consumers that L’Oréal welcomed individuals with disabilities in the workplace. For instance, some factories were equipped with manufacturing lines specifically intended to include employees with disabilities. Several initiatives also focused on consumers through digital accessibility.

**Gender** L’Oréal was also publicly committed to gender equality (See **Exhibit 9** for L’Oréal Key Gender Figures 2010-2017.) These efforts translated into having more than half of its biggest subsidiaries certified on gender parity through EDGE (Economic Dividends for Gender Equality) and GEEIS (Gender Equality European and International Standard). These two independent organizations conducted in-depth, rigorous audits of current staff and hiring policies with strict equality standards. In 2017, the company ranked first in Equileap’s annual ranking of 3,000 global corporations on their progress towards gender equality. Among other distinctions, the United Nations granted L’Oréal the CEO Leadership Award for Gender Equality and the group was included among the top 100 in the Bloomberg 2018 Gender-Equality Index, which highlighted companies that had made strong commitments to gender equality. Areas of focus also included improving policies on work and family over the years. L’Oréal had introduced minimum maternity leave of 14 weeks and paternity leave of 11 days, as well as collaborative work practices to allow for better work-life balance.

**Socio-economic and multicultural origin** Last, L'Oréal was publicly committed to creating an inclusive workplace around socio-economic and multicultural origins. Over the years, a key area of focus was the hiring and retention of diverse talent, and the number of nationalities represented at L'Oréal increased from 135 in 2010 to 158 in 2017.

### *Diversity and Inclusion Formal Structure and Activities*

A seven-person Global D&I team was responsible for working with key stakeholders within the company. First, the Global D&I team had to work with the business. The Global D&I Manager commented, "Our role is to be proactive vis-à-vis external and internal stakeholders, raise awareness, create an inclusive workplace, and understand our consumers' needs, such as digital accessibility for our e-business." However, the D&I office was not systemically consulted when it came to business and brand decisions that could be related to diversity concerns. For instance, in September 2017, L'Oréal removed its first transgender model after controversy about comments the model posted online regarding race-related clashes in Charlottesville, VA.<sup>18</sup> Similarly, in January 2018, the first hijab-wearing model to appear in a L'Oréal haircare campaign pulled out after controversy surrounding a series of tweets she made in 2014 that were perceived as anti-Israel.<sup>19</sup> Neither the contracting nor halting of the work of these models was conducted with the D&I office's advice.

Second, the Global D&I team worked worldwide with country-level teams that were coordinated by members of the local HR team, with local managers enrolled to serve as D&I champions. A core task of the D&I teams in the countries was to organize diversity workshops—these were mandatory one day in-class training sessions for employees on inclusive behaviors with a focus on stereotypes, biases and legal obligation in order to raise awareness and inspire action. Launched in 2006 in France—initially just for managers—and rolled out internationally in 2011; by 2018, 35 countries offered a diversity workshop and more than 28,000 employees had received training worldwide. The workshops had a common curriculum but were adapted to each location. Key activities in the workshops were intended to help people respond non-defensively to learning about diversity. Employees left the workshop with a personal action plan and a business action plan. For example, in Brazil, employees proposed an online makeup tutorial for the visually impaired and the blind, co-created by L'Oréal Brazil and Maybelline. Despite their success, budgeting and prioritization were key challenges for country teams in running the workshops.

In 2017, the Global D&I team began to deliberately incorporate the term "inclusion" in its goals and communications—which it defined at L'Oréal as creating an equal opportunity environment that empowered everyone to reach their full potential and be themselves. Whereas some employees may have felt that diversity did not relate to them, inclusion was seen as a characteristic of the culture that every employee could relate to. L'Oréal France's Diversity Director at the time said, "It was good in the beginning to focus on diversity...but if we want to move further, we need something different."

### **Changing the Culture and Ranks of the Top Leadership**

In addition to the formal Global D&I team's activities, Le Grand was aware that much of the identification, integration and success of a diverse group of talent at the top layers of the firm depended on numerous initiatives and individual activities undertaken by managers and leaders throughout the company. These focused on changing the culture and ranks of top leadership to include more women, emerging market leaders and non-Bébé L'Oréal employees.

## *Integration of Women Leaders*

Employee networks, role models, and individual supervisors were important resources that made it possible for women to see they could progress within the organization and challenge the culture. One International Diversity Project Manager commented, “At L’Oréal we have exactly the same phenomenon as in every other company, we still have male networks at the top of the firm that protect themselves and that make it hard for women to get in, and we are in a competition-oriented culture, which does not always make it easy to balance career and family.” Isabelle Minecci, the Global VP HR PPD commented, “Despite parent-friendly policies that I had put in place over the years when I was HRD of UK and Ireland I saw I was still losing more women throughout their career than men. We did lots of exit interviews with these women and found that they would often resign after their first or second child because they couldn’t imagine working in L’Oréal as a mum: it’s too intense.” She continued, “We took a number of actions – we created a parents networking group for people to get to know each other and realize that there are many mums in L’Oréal. We partnered with a company which provides services and talks to our parents and supports them in managing the balance. We tried to have role models who were mothers within our organization to mentor younger women.”

A PR manager described how Natalie Roos, a non-*Bébé* L’Oréal leader, had been a crucial role model for her and other women when Roos had served as the Country Manager of Germany in 2012. She described how Roos’ self-introduction as a senior leader made a deep impression on her: “She did a presentation about herself and she presented her family, it was completely new because no other general manager had ever shown his wife or children. She said, ‘I will work from my home office regularly because I want to see my children and my husband’ and everybody was extremely surprised.” Roos also introduced ‘Our Time’ in L’Oréal Germany, an initiative that offered employees flexible working hours and better work life balance.<sup>20</sup> Ines Caldeira, country director of Portugal and a *Bébé* L’Oréal, described the impact of developing a mentoring relationship with Roos later on in Roos’ tenure: “She is very humble, she told me about her vulnerable moments and that has been very helpful, to know that I am not alone in having difficult periods.”

Barbara Lavernos, EVP Operations and member of the ExCom, was another role model for many people in the firm. An engineer by background she began her career at L’Oréal in 1991 as a buyer at a factory. She progressed through roles at other factories before being appointed as General Manager of Purchasing for the group overseeing the buying of raw materials, packaging, merchandising and promotional material, real estate and general expenses. She recalled, “When I was in purchasing my boss came to me and said, ‘You’ll be plant manager’, I said, ‘Me? I don’t have the right level, I’ll fail.’ He replied, ‘If you don’t accept, if we don’t have examples, other young girls will not have access to plant manager positions.’ And he was right.”

Lavernos herself looked up to a number of role models at that time. She said, “In the early 90s everyone around me was describing the type of woman who would succeed in this job and it was not me. They were mimicking men. Honestly, I didn’t want to become like that. Early on I met the CEO of a plastic bottle producer who became a friend. She had three facilities. She was super feminine. She had three children, a personal life, and she was super professional. I thought, ‘Ok, it’s possible.’”

In her current role as EVP of Operations, Lavernos strongly encouraged women to take higher positions. She explained, “I share with them my own experience. And I say, ‘It’s not only up to you to evaluate your skills, I’m in charge. And if I’m proposing this appointment, it’s because I’m convinced you will succeed.’ One of my jobs is to encourage them, to empower them, and to make them feel they go can further. It’s not specific to women; it’s the same for everyone that is different.”

## *Integration of Cultural Minority and Emerging Market Leaders*

Senior leaders also described a range of formal and informal ways in which they tried to ensure talented employees from a wide range of socioeconomic and cultural backgrounds, including those in emerging markets, could rise to the top of the firm. L'Oréal France's Diversity Director noted, "You need to have role models from the local country in the top ranks of the subsidiary, because talented people do not go to a company where they know that they will never reach the top." Many senior managers embraced the view that diverse teams were a necessity for the company to function in a global world. The HRD CPD Western Europe said, "You can't create the product of tomorrow with only a privileged class of Western people. It was our world 15 or 20 years ago, because we were focused on North America and Western Europe, but now we have opened up to the world, so our teams have to reflect that."

Burkhard Pieroth, Managing Director of CPD, Emerging Markets, a non-*Bébé* L'Oréal manager further explained why the lack of diversity was a challenge. German by origin, Pieroth joined L'Oréal after 26 years at another major FMCG group, where he had held a wide variety of roles in emerging markets. He described how L'Oréal's composition and culture reinforced each other: "Senior managers at L'Oréal tend to mostly have been in very elite business schools which is a diversity challenge, because they often approach problems in the same way." Pieroth explained how lack of diversity impeded curiosity and empathy, "It sounds perhaps a bit simplistic, but it is really true. You have to like people, and you have to want to find out why they do things and how they do things. The bias should always be that the consumer is always right."

Some senior *Bébé* L'Oréal leaders developed informal approaches to integrating those who came from backgrounds that were different from their own. Alexis Perakis-Valat, President CPD and member of the L'Oréal ExCom detailed an early global assignment that shaped his approach. He had joined the company in 1995 directly after graduating from HEC, progressing through the ranks with postings in Belgium, Spain, the U.S., Germany and China. One of his most formative experiences came when he became Managing Director of SoftSheen-Carson in the U.S., a newly acquired ethnic and African American hair products company. He recalled, "The customers were 99.9% black. The employees were 98.5% black. On every aspect, I just had to listen, look and try to understand, because obviously, [black] did not apply to me. It was in the rough south side of Chicago and I was the first L'Oréal person that the company sent. I knew that I was walking on egg shells because I was French-Greek, white and from L'Oréal. On top of it, the business was super tough. Ultimately, I had to close the Chicago office." Perakis-Valat had to rebuild the team out of New York. He said, "I was looking for African-American candidates, but you cannot put that in any kind of recruitment ad. So, I became an expert at looking at résumés and learning the African-American sororities. I felt it was a duty to be a trainer of African-American talents within L'Oréal USA."

Other leaders described institutionalizing formal practices. Jochen Zaumseil, EVP Asia Pacific Zone, discussed how his key strategic goal was to promote Asian talent. A *Bébé* L'Oréal, Zaumsell's 35-year career at the company had taken him to Mexico, Venezuela, Canada and Japan—among others. He said, "We have to create a new center of gravity and I consider that to be at the center of my job. Being in Asia for Asia, and being the ambassador of Asia back in Paris—when we make HR decisions and succession plans, I make sure that I don't miss one opportunity to promote, recruit and develop Asian talent." He explained, "We have 250 talents within our own scope, we support them, we follow them. I personally do a succession plan meeting for each division and corporate function three to four times per year." Despite such efforts, progress was still slow. The Global VP of HR, said, "We have huge improvements to make in terms of having a strong pipeline of emerging markets talents. The last talent review with our CEO was dedicated entirely to this."



**International careers** A key concern for both women and emerging market leaders to reach the top ranks of the firm was the traditional model of global careers. At L'Oréal, expatriation had traditionally been a key step in a manager's career path. However, the company's policy was changing, partly due to its vision of filling the majority of its group key positions with local talent. For Le Grand the very idea of expatriation was delicate, "It's a model that comes from colonialism; whether you like it or not you are saying, 'You are incapable, so I'll send you someone'. This has to stop and it's not only about white people explaining things to Indians. The Indians want to do the same with the Indonesians, because you will always find someone who you feel is inferior to you."

Changing gender roles had also challenged L'Oréal's typical career model. Le Grand said, "Twenty years ago expatriation was a simple issue for a HRD: we offered foreign postings to men, most of the talk would be about salary conditions and the guy would go home and announce the good news: 'Pack our bags, darling, we're off to Jakarta'. That conversation is over. When you make the same offer to a woman, it's more like, 'Are there places at the French lycée for the children? What about my partner's job? Today most of our managers are in a 'dual-career' couple and there's no question of sacrificing one for the other."

In 2018, L'Oréal had 1,050 expats worldwide. 43% of L'Oréal's expats were women, and 30% of those women had at least one child. 34% of expats were expatriated from L'Oréal in France — although this did not necessarily mean they were French nationals. 30% of the expat population came from other countries to headquarters in France. The remaining 36% were expats from all around the world and were known as Third Country Nationals (TCNs).

An international career was still highly valued within the company and the promise of one attracted and retained employees.<sup>21</sup> However, to meet a more diverse set of needs L'Oréal had also begun to alter key aspects of the expat model such as emphasizing that increasing the diversity of international teams and developing local talent were legitimate criteria for international assignments. The Head of International Mobility said, "Ten years ago the proportion of French expats was around 60%. The objective now is to grow the TCN figure to encourage more intra-zone moves, for example, Mexicans moving around Latin America. These intra-zone moves have been increasing. The idea is to develop talent locally in the hubs, in line with the universalization strategy." The mobility team was also trying to reduce the number of employees who went from one expat contract to another. In 2017, there were 60 expats who had been expats in another country in 2016.

### *Integration of Non-Bébé L'Oréal Leaders*

Last, one of Le Grand's core tasks was the identification and integration of potential leaders from outside the company. Le Grand sought employees with an entrepreneurial spirit, "I want to go back to the essence of what we are, meaning a company of entrepreneurs who are not afraid, who do not protect their own backs all day long, who do not say yes to everything because they are thinking of their own futures. The worst risk is not to take any. There is no way other than constantly trying to improve, transform and change."

Marion Pujo Valentin, Global VP of Top Executive Development, further explained the qualities that L'Oréal sought when recruiting high level talent from outside the company, "Expertise is very good, but you can learn it. What is really key is openness, curiosity, not being judgmental on social background, judging people only on their work. Someone who is weak in curiosity, open-mindedness and who judges on elements that for me should not be elements of judgement cannot enter the company. It's not a question of balancing, 'He's very talented on other aspects, it will compensate'. No, for me, it's an absolute must."

L'Oréal had looked outside the company when appointing three female members to its executive committee: Lucia Dumas, EVP of Communications & Public Affairs, who came from French-based international ophthalmic optics company Essilor; Lubomira Rochet, Chief Digital Officer, who came from digital marketing agency Valtech; and Nathalie Roos, President of PPD, who came from American global food products manufacturer Mars.

Roos reflected on her appointment, "The American companies that I have worked for define a standard of what a good manager is and then make sure that everybody converges to that standard. I think at L'Oréal there is a notion of talent; it is about what you can bring that is different, something specific about you. And I think this is really what Jean-Claude Le Grand is looking for. For him, clearly the intention was to recruit me for who I am—people manager and not product manager, somebody with no fear, very strong values, and a very customer-centric business model. For Jean-Paul Agon, at first my appointment, it may have been to tick a box, she is a woman and she has quite a positive reputation, but once he came to appreciate what I would bring, no matter the gender, he gave me his confidence and appointed me."

**Global integration program** To address the integration of senior leaders entering the company as lateral hires from the outside, L'Oréal had a formal global integration program. Pujo Valentin worked with the 20-25 individuals per year who joined the top 250 of L'Oréal. She tailored an individual integration program for each person.

Pujo Valentin identified two potential barriers to integrating lateral hires, "Are people at L'Oréal open to working with outsiders? Here I believe we have a strength because a characteristic of our people is their curiosity and open-mindedness. The second is the barrier of the company culture and the necessity to learn how to navigate within it." She explained, "I know people who could not succeed at L'Oréal because we have a very inexplicit culture and the decision process is very blurred. And I have seen some very bright clever people who could not cope with that. For me, it's a big loss."

Leaders' views supported both her assessments. The Country Manager of Germany, said, "We are more open now than ever before to integrating people from the outside because people are convinced that they can learn new things from outsiders." Even so, the culture was opaque and hard to navigate. As Le Grand noted, "I sometimes say that we are the Ministry of Cosmetology because we hide behind rules and regulations and we also hide behind our habits. 'This you can't do at L'Oréal, this is not how we do it.' This is what outsiders face."

To help with these cultural barriers, outside hires were given more support for cultural integration than *Bébés* L'Oréal, including devoted time to develop influential relationships. Zimet, who had joined L'Oréal after a career at Colgate Palmolive, described this part of the integration program, "I went through a Country Manager Fast Integration Track (FIT) program in Paris where you stay for a couple of months meeting and shadowing several top managers of the company. I made very good contacts in all areas, so when I need some support, I drop a note, I try to use them in a smart way and also to help them when needed." By contrast, *Bébés* L'Oréal who made major country moves often relied on their existing relationships and didn't feel the need for more support. For instance, Vismay Sharma, Country Director of the UK and a *Bébé* L'Oréal, said, "I have a good relationship with just about everyone that I worked with, including many people on the ExCom."

Pujo Valentin explained, "When we talk about networks sometimes people think there is something a little bit dirty, that it relates to politics and influence. It's very important to explain that having a network is important, it's not about politics, it's the way we operate, because we think that ideas are richer when they are not totally processed and when they are shared between different fields. A network is a kind of living organism that provides you with resources."

Outsiders were assigned a buddy, a mentor and a coach. The buddy was at the same level of the hierarchy and helped the outsider become familiar with the company culture. The mentor, Pujo Valentin said, “is somebody above the new hire in the reporting line and will show him or her how to navigate the company culture, for instance, to explain that before bringing a subject to the ExCom you should have already made everyone familiar with the project.” Zimet described the relationship with his mentor Alexis Perakis, “I asked specifically for someone with his profile—I thought that having a mentor from the ExCom could really provide me with better vision, value and orientation. Sometimes I call him to clarify doubts regarding multiple challenges or when I’m looking for some support to move things along.” The coach was an external professional that new hires could consult and strategize with in the first three months.

Pujo Valentin explained how she measured a successful integration, “If they are talking about the classic obstacles of the business itself, it’s ok. If they’re talking a lot about complexity, I know there is still some work to do. I try to dig to see what can be done and sometimes nothing can be done. If it’s important for them to have a very impactful action every day, they can have difficulty in coping with the complexity of the company and may decide to leave. We are all adults, we can work on what we can minimize, what we can solve, but I cannot change L’Oréal.”

Despite the emphasis on integration, Pujo Valentin also felt lateral hires had to retain the outsider qualities that they brought: “I always say, ‘Do not over adapt!’. We hired you because we don’t have people like you in the company. You have to adapt a little, a bit like learning a new language because you have to communicate with the structure, but don’t change everything.”

**Integration experiences** Integration into the company culture while retaining one’s unique perspective was easier for some non-*Bébé* L’Oréal than others. One country director said, “There were a lot of stories about L’Oréal; mainly that it had a very aggressive environment, where people shout at you and put pressure on you and the company had a reputation of being a big mess. Surprisingly I had no cultural shock at all. First of all, L’Oréal is changing a lot in this regard. Also, I was already living in France and had absorbed French culture. Second, I was coming from an American multinational that was not quite as rigid as others and third, I am naturally quite flexible and adaptable, and I have travelled a lot. I found the company similar to any other multinational company, which thinks business, profits, short-term as much as the long-term, very strategic, and very successful.”

Pieroth recalled his experience when he first joined the company. “My first assignment at L’Oréal was about analyzing why we were not performing well in an important category. I understood that in order to change anything I had to have sponsorship from the top, I needed to present hard data and facts, and I needed to talk to people and build coalitions. Leaders make things happen here, and they do not need processes. This is a bit the anarchic side of the French, if they do not like it, and there is a process, they will not follow it.”

Perakis-Valat, to whom Pieroth reported, recognized the challenge faced by outsiders to integrate but also create change and explained how he approached supporting Pieroth. “We have to make sure that we explain the minimum survival kit for people to adapt. Decodifying the people dynamics is very important, who you need to convince to achieve what you want to achieve. The idea of synthesis is very important, getting to the point fast.” He added, “However, if you can sell it well, and if it is smart then we are fine to change. For example, Burkhard came to me and said, ‘We need ‘10 golden rules of a profitable haircare business’ and wherever I go, in every brand, every country, I am going to go through these 10 rules.’ Frankly it is not very L’Oréal, but we said ok and he is really moving mountains because of this systematic approach which in a way is extremely countercultural.”

Roos, President of PPD and ExCom member, recalled her experience of joining L'Oréal from Mars in 2012 as Country Manager of Germany: "Despite the clear willingness of L'Oréal today to become a more diverse company, the reality is that the culture was not that diverse at top level. It was linked to the fact that L'Oréal was a company where you grew from within. In the ExCom all the people in charge of the operational business were mainly men with 20-40 years of experience at L'Oréal, most with the same education and career path. They probably had the same kind of culture and family background because to enter into a prestigious business school 30 years ago you had to be part of the French elite."

Roos recalled an early decision she made not to launch a coloration product on the German market, "In that very embattled market where some of the biggest hair color suppliers worldwide come from historically, L'Oréal was probably too competition-focused instead of being customer-focused, that's part of the culture, always adding new products to show innovation. In Germany, 17 new brands had been launched in the past five years by L'Oréal and its competitor, there was a huge turnover of brands on the shelf, the business was losing money, consumers entering the shelf were leaving without buying. The head of CPD summoned me because I didn't want to launch the product, but I held my ground. I understood that my customers and retailers could no longer put up with such confusion."

As current head of PPD, Roos embraced questioning long held practices. She said, "Some people have so much conviction that what they are doing is the best because they don't know any other model and they have always had great results, so why change? Each time I tried to explain my different approach they looked at me as if I were a holiday camp activity leader." One tradition was a yearly worldwide meeting in Paris to present the next year's launches. Roos said, "As country manager of Germany I would spend two weeks, division after division, sitting in a dark amphitheater, being bombarded with new products, films, nice stuff but a lot of noise, and not interactive enough. I wanted to use my brain and contribute. When I became head of PPD, I changed the format; I took my team to a campus outside Paris and organized some workshops on owning the strategy, working on action plans, etc. My team was thrilled."

Shane Wolf, Global General Manager of Redken, Pureology, and Mizani, and founder of Seed Phytonutrients, was part of Roos' team. He said, "I find Nathalie to be one of the most inspiring leaders that I have encountered. Some people would describe her as being super courageous. I find the word pathetic in some ways, as courage is when you jump into something without knowing what the potential reward is, and I think she is just far more calculated than that and she has a far clearer vision. I would describe her as strategic and incredibly wise. I love how incredibly stubborn she is about change. For the first time somebody is saying, 'I didn't bring you all to Paris to have a conversation about our priorities, for you to go back and keep doing everything the same way.'"

## **Betting on Diverse Talent**

Once top talent was identified and integrated, whether internally or externally, Le Grand believed strongly in empowering managers and giving them important roles regardless of their gender, national or cultural origins or *Bébé* L'Oréal status. He elaborated:

In 1986, Liliane Bettencourt, the principal shareholder of L'Oréal, decided that the man who was going to lead the company was Owen Jones, 39 years old and a Brit. Ok, the size of the company was not 26 billion, it was slightly over 2 billion but she gave him the power. And for me leadership can only come from this way of thinking—stretching, questioning, betting. Some managers may be cowards, they are absolutely risk averse. They want to appoint men of 50 more than a lady of 35 or 40. I'm in meetings where they explain to me that appointing a 35-year-old to oversee a P&L of 12 million is a risk.

Two experiences of taking bets on talent in recent years stood out to Zaumseil in his capacity as a mentor. He recalled, “One was an outsider that we brought in, Nathalie Roos. I was her boss at the time and my job was to make her integration as successful as possible. For me it was a personal success story when she was nominated to the ExCom. The second person, Vismay Sharma, an insider and Indian national, made two significant moves, to Head of Indonesia and Head of UK—he was the first Asian to be appointed as Head of UK, a key country position.”

Both of Zaumseil’s mentees had come to the attention of their peers and senior management in their efforts to drive change. On mentoring Sharma, Zaumseil said, “I have known him for ten years so of course it’s easier [than Roos]. He’s a very autonomous entrepreneurship-driven person, and he decided to speak-up about his dissatisfaction with the company, its leadership style and complexity, etc. He was very quickly exposed to our CEO and to the ExCom. He was part of a founding group of people—which included Nathalie Roos—that started to push on this whole transformation to Simplicity. When he took over the country manager position in the UK he brought some new ideas and some new ways of working and, of course, that created noise but nothing particularly conflicting.”

On mentoring Roos, Zaumseil said, “I spent a lot of time laying the groundwork to support her. For example, before a meeting at which our CEO was also present, I sat down with her to make sure I was aligned on her points so that I could support her when my voice was relevant.” On Roos’ impact at PPD he said, “The division has been working in the same way for many years and she truly has a different way of thinking and she’s able to do it, of course because of her skill set and leadership skills, but also because it’s easier to challenge things when you don’t have a history.” Roos herself noted, “The reality is that only 5% of women are buying haircare in salons. When I started talking about e-commerce I was told by those more traditional people that I was going to ruin 100 years of professional heritage. Hopefully when proven wrong by the business, L’Oréal can adapt and change fast.”

## Looking Ahead

Le Grand knew that he faced a challenge keeping the top ranks of the company both cohesive and and inclusive. Members of his team were conscious that biases remained even as outsiders of various kinds advanced through the ranks. Pujo Valentin said: “There is this tension between the values in which we believe, that all human beings are equal, and the fact that we’re still mainly a white, Western, at the high level, male-led company.”

Le Grand was also aware of the potential synergy between the company’s mission, “Beauty for All” and the need for change. As he got ready for his meeting with Agon, he reflected, “The business of beauty is by essence linked to diversity. By definition, beauty is unexpected, it’s unique, it’s diverse. He continued, “The unique way to mobilize people and to attract the new generation is not to say look, ‘We are earning a lot of money, the price per share is fantastic.’ If there is no huge sense of purpose, you are just going to be out. It’s as simple as that. The real disruption is coming from HR and the quality of the people. It’s a big worry for us. How can we acquire and support the best talent of a generation to deal with the changing landscape?”