



Harvard Business Review

REPRINT H02W0R
PUBLISHED ON HBR.ORG
MAY 19, 2016

ARTICLE **CHANGE MANAGEMENT**

How Coty Reinvigorated Its Supply Chain

by Tom Halton and Ken Perlman

CHANGE MANAGEMENT

How Coty Reinvigorated Its Supply Chain

by Tom Halton and Ken Perlman
MAY 19, 2016



It can sometimes seem like magic when we get the right people together with the right attitude, motivated to work toward a common goal. The experiences of global beauty company [Coty Inc.](#), where one of us is Vice President Supply Chain, suggests this “magic” can be repeatable.

In 2010, Coty was rapidly expanding through acquisitions and internal growth and needed to align, integrate, and further accelerate improvements in its supply chain. The company’s Supply Chain Leadership Team had seen the pace of change for its group began to plateau. So they started asking a few key questions: How can we go from what’s been working well, to go even further? How can we go

even faster? What can we do to get more people involved? How can we as leaders help our front-line teams take more action to innovate and improve how work gets done?

To address these questions, Coty partnered with Kotter International to implement a broad global change management program. The [results](#) helped mobilize a significant part of the organization: people at all levels and functions teamed up to generate new revenues, cut costs, increase productivity, and enhance quality. (The Coty experience also informs case study examples in John P. Kotter's book [Accelerate](#).)

One of the most critical success factors we found at Coty was that it was not who was tapped as a leader or even a team's technical skills that mattered most. The first key ingredient is in how teams are selected.

The traditional, even predominant, way to form a team follows a well-rehearsed and perfectly logical flow:

1. Develop a strategy.
2. Identify an associated new work effort to implement that strategy.
3. Allocate budget for a team.
4. Appoint a trusted team leader.
5. Devise an approach and plan.
6. Identify the skills needed and create job positions or profiles.
7. Filter individuals based on skills, experience, function, geography, reputation.
8. Interview those individuals for fit.
9. Make a final selection and inform those who will be on the team.
10. Launch the team and start executing on the plan.

This is a perfectly logical sequence. It appeals to reason and experience. But it also may contribute to the fact that [70% of special projects and strategy initiatives fail](#).

We wanted to try a completely different approach. In our view, it's easy to appoint employees and then hold them accountable. It is *better* to invite employees to assemble and take ownership. The process we designed looks like this:

1. Create a broad-based call-to-action.
2. Encourage everyone to respond (knowing that many won't – and that's a good thing).
3. Use atypical selection criteria.
4. Invite volunteers to apply to do more work.
5. Review applications by those who know the applicants.
6. Balance and size the team.
7. Launch.

Let's look at each of these steps in a bit more detail:

The call-to-action. The first step in assembling heroes is a call-to-action (think “[Bat Signal](#)”). In *Accelerate*, it's called [The Big Opportunity](#) – a short, compelling, accurate statement describing the nexus of external forces, internal capabilities, and new ways of working that defines “This is how we win right now.”

Coty's “Big Opportunity” focused on developing its supply chain into a competitive advantage that could better drive innovation and business growth. To act on this opportunity, the company encouraged each employee, on a volunteer basis, to make his or her “unique contribution” to improving the agility of the supply chain. This included a call for action — “Act Today, Shape Tomorrow” — that was backed by Coty's senior management.

Executive leadership invited everyone to get involved and take full advantage of The Big Opportunity. They spread the word through videos and other means. The volunteer nature of the project was critical because the dynamic of resistance changed from “stop” to “go,” from “have to” to “want to,” and from “top down” to “all in.” When — and only when — enough people said, “Yes, I want to help,” was there sufficient urgency to start. Volunteers were mobilized to define new initiatives designed to take full advantage of the Big Opportunity and then get to work on them.

The response rate. Not everyone responded. But those who did were passionate, courageous, and action-oriented. The group that did not respond includes, at best, interested spectators; at worst, active detractors. Either way, you have candidates for the team you want, and because they made the choice to be there, your momentum is not compromised by the indifferent or the reluctant. Naturally, the leadership team was initially concerned about whether enough people with the right skills would raise their hands. To their surprise and delight, the response was not just sufficient, but abundant.

The selection criteria. Simon Sinek has a great [TED Talk](#) about hiring people because they believe what you believe, not because they have the particular skill you think you need right now. If you want passionate people, your selection criteria cannot be all [Spock with no Bones](#) —i.e., driven by logic and ignoring emotion. The selection criteria we devised recognized the importance of skills and experience, but focused on the characteristics, not just the resume. These characteristics included passion and the ability to convey it; ability to influence others to take action; and the ability to excel in their current role.

Apply to do extra work. For those who volunteered to help, we offered another opportunity to differentiate between those who wanted to get involved and those who wanted to lead. All volunteers were invited to complete an application to be part of the change leadership team that would be at the center of the effort.

Yes, we asked them to apply to do even more work. This application is another way of letting the group self-filter again. Completing the application required thought and effort from those who chose to take this next step. In addition to asking why applicants wanted to help take advantage of the Big Opportunity, the questionnaire asked them to describe a specific initiative they believed would help move the organization in that direction. From the many initiatives proposed, senior leaders were able to identify a wealth of possibilities they had not considered before.

Review the applications. This leadership application review was performed not by the team leader sitting at a desk, but by those who know the applicants. In Coty's case it was the site leadership teams from all the plants and offices. They read the applications from their local candidates. For some sites this was a handful of applications, for other sites it was 50 or more. The local teams know their people best — those who work well with others vs. those who are ego-centric, those who are all talk vs. those who can get things done.

Balance and size the team. The team lead learns about the candidates recommended by the sites and then looks at the team in aggregate. Is there a balance? Is there a “diagonal slice” of the entire organization? Are there people representing many different functions, tenures, levels, locations, language skills (if needed)? The team size is flexible, based on how many people it takes to achieve this balance and representation; the first team of volunteer leaders at Coty was 35 people, the next year it was capped at 25, even though there were more applicants in year two than in year one.

The net result is a team that is selected not by one team lead's decision, but by decisions of hundreds and thousands of people. Taking a less conventional approach to assigning teams can make much of the difference. Then you can focus on the next challenge: putting that team to work.

Once the team got started, the wins at Coty came quickly and from all directions. For example, one team member, a first shift supervisor of one line at one plant, was concerned because the later shift was out producing her team. She asked for (and received) permission to watch that shift's line for a night where she realized that the airflow pushing the products along the production line was much stronger than on her shift, and that made all the difference. It turned out that on the first shift the airflow was weaker because there were more lines operating using the same technology than at night. Engineers adjusted for the difference and the first shift was suddenly producing at the higher level needed, precluding the expense of adding lines to increase production.

Over time, that first group of pioneers at Coty stepped down to let others jump in — and the process continues with more and more people learning to lead change. This led to hundreds of initiatives generating several million dollars in value.

The other important effect was the change in attitude which catalyzed hundreds of Supply Chain employees to come forward with great ideas and then transform them into wins. We went from leadership by a few to leadership by many through continuous improvements and higher

performance of the Coty Supply Chain. The challenge remains to keep the momentum going over time and to continue to generate new value added initiatives.

Tom Halton is Vice President Supply Chain for color cosmetics at Coty, Inc., a beauty company with a portfolio of well-known fragrances, color cosmetics, and skin and body care products.

Ken Perlman is an affiliate of Kotter International, a consulting firm that focuses on leading change.
