

CASE STUDY: DAVID BERRY, SVP & GLOBAL CIO

Coty: Create A Unified Global Brand

EXECUTIVE PROFILE: DAVID BERRY, SVP & GLOBAL CIO

Industry: Consumer product manufacturer — fragrances, cosmetics, and skin care products

Sales: \$3.3 billion

IT staff: 250 employees globally in 20 countries

Education: David received a BS in Information Systems at Pace University.

Career history: Prior to joining Coty, David was the CIO at Burger King Corporation, VP, European IT and Business Process (Paris) at Grand Metropolitan, and VP, Worldwide Systems at Haagen-Dazs. David also worked as IT Director for The Dannon Company (USA) and was a project manager at Pepsi-Cola Company.

CASE STUDY OVERVIEW

Summary: Over the past decade, Coty, the world's leading maker of men's and women's fragrances and cosmetics, has been acquiring the brands necessary to "fill the gaps" in its offerings to the international market. With an ample amount of global experience, David came on board ten years ago to knit these acquired companies together, and prepare Coty for the continuous acquisitions ahead. To help support the business' endeavors, David created a more effective global IT framework by establishing clear and rigorous standards, a strong relationship with his international colleagues, and adjusting to the differences in his team cultures. Also with David located far from Coty's headquarters or major distribution and sales centers, he has embraced his role as Global CIO — successfully running a virtual organization 24x7 and traveling whenever and wherever he can to increase IT's effectiveness.

Global Vision: "Being the Global CIO of a company that has doubled in size, I need to be on top of the business endeavors and not miss a step. If we are going to acquire companies, the IT department needs to ensure that the process is as seamless and efficient as possible. We are all about our products, and they are global products. Without a strong global brand name to resonate with our customers, we would not be able to expand at the rate that we need to."

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● = Concentration of IT employees

30 = - Number of office locations supported

● = CIO location

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Assess the current landscape and understand the direction of the business

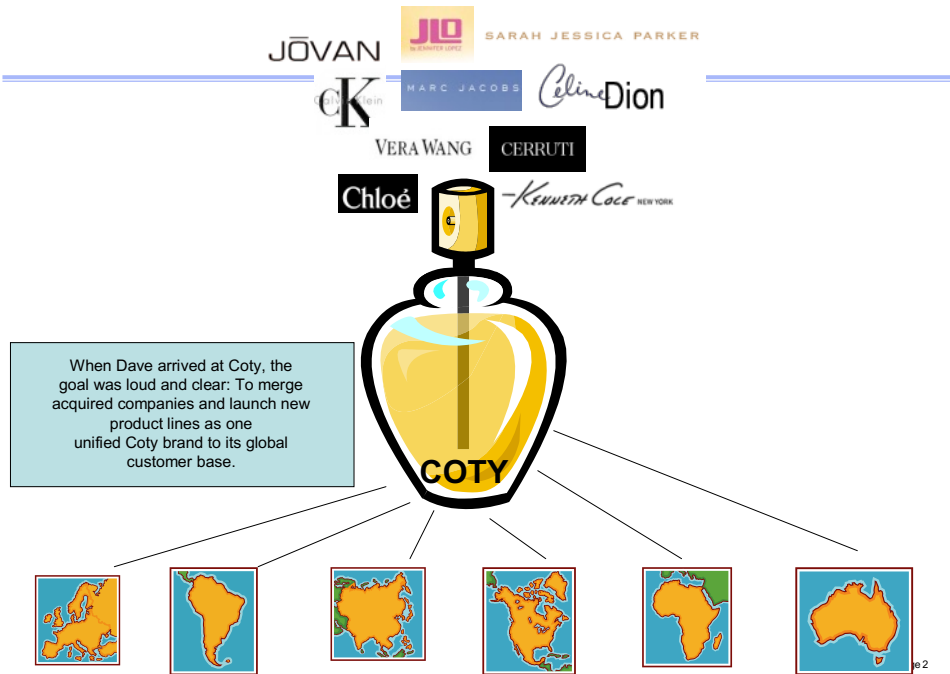
“When I came to Coty in 1998, it was a conglomerate of acquisitions; an international company, not a global company.” Coty’s board brought David on to help merge these acquired companies into a unified global operation, and to do so quickly because there were many more acquisitions in the pipeline. Coty needed other brands to “fill the gaps” and establish itself as a unified global brand for men’s and women’s fragrances and cosmetics. David knew that time was not a luxury he would have when solidifying the global IT organization to support Coty in these endeavors. An additional hurdle for David was that the other functional areas of Coty did not have their ducks in a row either. The fundamentals weren’t there for David to emulate, and he found himself immediately needing to pump oxygen not only into his IT organization but into Coty’s organization at large.

Standardize processes to enforce consistency and effectiveness

“It was a bit of a wake up call when I started using the words ‘centralization’ and ‘standards’ to a group of highly decentralized people who never had a Global CIO. They almost drewed and quartered me!” In an effort to create a more effective global IT team, David was adamant that Coty should have a common way of thinking and reporting. This was especially evident when David convinced different parts of the business to standardize around SAP. After David first implemented SAP in Spain, David was proactively approached by the general manager in Italy asking for SAP in his location. This pattern continued as more and more general managers soon called in with their requests for David to come to their respective locations as well. This global “domino effect” validated for David that Coty was ready for standardization around many of their processes and just needed the proper leadership to do so. To ensure consistency in these implementations and their proper maintenance, David has internal auditors come into an office after a system has been live for three months. He also requires his employees to keep accurate and detailed documentation to help fellow IT members in the organization replicate and follow.

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Balance standardization with localization

“A decision that may be great for Spain could be terrible for Coty. It is important to understand that decisions have a global consequence.”

While David is clearly an advocate for standardizing Coty’s processes, he also recognizes that standardizing everything globally is not always the best decision for the company or its employees. Therefore, David makes a point to evaluate each initiative and determine the pros and cons for standardizing or individualizing for a specific location or culture. For example, when David’s team needed to merge Coty’s five internal messaging systems into one universal system, David chose to be sensitive to his global organization and rolled out the system in all of Coty’s 14 languages. David recognizes that this messaging system, as well as other similar initiatives that are more “day-to-day,” is worth the greater cost and time commitment to keep localized in order to achieve the best possible end results. David helps his team to think in this way as well, integrating both the “local” and “global” perspectives into any decision-making conversations. He helps his reports and peers understand that their actions, while local, often have a much broader global effect that must also be considered to do what is best for Coty.

Use reward system to reinforce corporate goals

“The employees didn’t have a vested interest in what the entire enterprise was doing, so we changed the rewards systems.” To reinforce the importance of David’s employees thinking of Coty’s best interest and not just their own, Coty’s board changed the rewards system. Originally, his reports’ bonus depended only on their country’s individual P&L, sales, and cash flow. Naturally, most of his employees didn’t have a vested interest to support Coty’s corporate initiatives, and often didn’t consider Coty as a whole when making decisions. Coty changed this system so that there is now a 50-50 split in the bonus compensation plan: half is now tied to an employee’s country success and half is tied to the success of Corporate, or a global Coty.

Establish global relationships and put in the time to keep them strong

“I’m a global person. I run a global company and I am very comfortable with it.” With David located in the Netherlands he is separated from the headquarters and the major sales and distribution hubs in the organization. This creates a demanding lifestyle for him. There are times when David will not be around to make a decision or to answer a question — and he must feel confident in his team and managers, and with the relationships that he has formed. Because David believes that a high level of travel and frequent communication is simply a necessity to build and maintain these key relationships, he makes a point to:

- **Pick up the phone and “walk the halls.”** When David travels to an office location, he rings the general managers to see them, even if for only a short time. Also, David will just “walk the halls” of the office to get more face time with Coty’s employees. As he says, “it helps to ‘kill the rumors and get to the facts.’”
- **Arrange standing meetings with major players.** David schedules set meetings with general managers at some of Coty’s largest markets. For example, David leaves his office in the Netherlands and takes a plane to Frankfurt, Germany and a half hour cab ride to have a meeting and management review...every six weeks.
- **Keep the lines of communication flowing — day or night.** Communication is essential for David and his staff, as well as among David’s employees with one another. It is second nature for David to host the same conference call at 5am and then later at 11pm if needed to alleviate time zone and language problems. He will also arrange calls to help with team collaboration on a project, especially if the contributors are not in the same time zone or country or if cultural issues arise.

Hire the best of the best

“I am not willing to say to someone, ‘you are perfect for this job on my IT team, but you can’t have it because of where you live.’” David is so comfortable in his virtual and global shoes that barriers such as language or geography are trivial to him when hiring his IT employees. He does not require his team members to live in a particular place, but simply states up front that if an employee chooses to live in his own country or city, then that employee must be willing to travel and communicate as much as necessary. CIOs like David seek the top IT talent in the world, regardless of location or culture, and David is satisfied with his decisions, “These people are great — they will work as long as they need to, to get the job done. They love to be around the products and in the cosmetic industry. It is a dynamic that doesn’t happen in too many companies.”

Acknowledge and embrace cultural differences

“You have to stereotype cultures to an extent. People from different countries think and act differently — and that’s great.” David doesn’t pretend that there aren’t any cultural differences within Coty or on his team. Instead he acknowledges and celebrates them. Traveling frequently and immersing himself in the different cultures on his team allows his employees to gain more trust in him and to see the effort he makes to respect their country and culture. David also believes strongly in the importance of connecting with his team on a personal level first, to help form the business relationship. At a previous company, when David prepared to work with a Japanese partner company, he followed Japanese custom by printing his business cards in both English and Japanese to show respect. He also brought gifts. Much of this he learned by picking up a book about how to work in Japan which discussed cultural and social norms. David believes that it is the simple things that can get the relationship between two very different groups of people off to a great start.

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Respect different decision-making styles

“When in Germany, do as the Germans do. When in France, do as the French do. You have to understand the hierarchy of the country and how decisions are made.” David is very sensitive to the different methods of decision-making and thought-processing on his IT team. He makes a concerted effort to understand the various styles so he can shape how he phrases instructions or conveys his expectations for goals because he knows that it can make a huge impact on an initiative’s success. In one country, employees make decisions very hierarchically. Regardless of the dialogue during the course of the day, the most senior person will always make the last call and will not poll his direct reports for a more democratic decision. David cites another group he manages in another country as being more “fluid thinking” — they discuss the issue and see what sticks. David’s success as a global CIO depends on his sensitivity to these nuances and the way he adjusts to his international colleagues.

Leverage SOA to quicken the acquisition process

“When I started, if you told me that we could acquire a company like Unilever Cosmetics, I would have compared it to climbing Mount Everest.” Coty is a very different company today than when David joined back in 1998. Now, his IT organization has the infrastructure, policies, and processes in place to acquire companies quickly. For example, when Coty acquired Unilever’s fragrance division in 2005 to add power brands like Vera Wang and Calvin Klein to their repertoire, David was urged to successfully merge their two organizations within 180 days. He achieved this aggressive goal by using SOA as a universal translator. Because of this, the product lines were able to be sold to their global customer under one Coty brand.

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Compromise to globalize

“We decided to merge the best of both companies.” David cites a key lesson that the organization has learned: how to compromise when acquiring a company. They pick the best of the best technologies, infrastructure, applications and skill sets, choosing some of Coty’s and some of the newly acquired company’s. The acquisition process of merging their people, processes, and infrastructure has been so well established and executed that now David is geared up for taking on other large acquisitions.