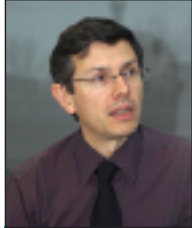


# Innovation in a Global Business Environment



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## What is your company's innovation strategy for international markets?

**JG:** Global innovation at Dow Corning is defined by our desire to meet the exact needs of our customers. Success in international markets requires having people on the ground in each region, listening to customer and societal needs and driving our efforts accordingly. It requires that we understand that products, processes, and solutions that are innovative and successful in one region, may not meet customer needs in another.

Having the ability to apply innovation in areas such as business models, processes, service offerings, and solution delivery affords us the opportunity to be true allies to our customers as they navigate the global market.

**LG:** Innovation usually means something very bold in terms of products which offer new benefits and solutions that bring services to the consumer in a new way. We innovate in response to the needs and demands of consumers all over the world. Under the L'Oreal model of innovation, we build upon our internal technical expertise in order to interact with our suppliers and the scientific community.

Let's take makeup as an example. Innovation can be demonstrated in unique packaging or a technical insight that makes the product long lasting or glossy. It could also be a new way for consumers to get beauty advice that simplifies the use of cosmetic products, such as information offered on our website.

Our scientists are working to develop what we call "beauty rituals of tomorrow" which include futuristic ideas such as lipstick that changes color according to the wearer's mood, a machine that can paint a woman's nails the same pattern as her dress, and photonic make-up that mimics the colors on a butterfly's wing.

We view the cosmetic market as both a market of demand and a market of offer – where we can provide consumers with something they never knew they needed. So it's not only responding to needs, but also offering new possibilities.

## How do you tailor innovations according to local needs and opportunities?

**JG:** It starts with listening and responding to the voice of the customer. It is critical to gain

**In this dialogue, Jean-Marc Gilson, Asia area president and vice president for specialty chemicals at Dow Corning, and Laurent Gilbert, global director of raw materials and advanced research at L'Oreal, discuss ways to foster innovation in a global context.**

a deep understanding of what makes our customers successful in their markets. Being a truly global company means that we are aware of the key drivers of the businesses, government, and people of a region and our innovation efforts are focused accordingly.

In China, for instance, rapid growth in the region is requiring an increased focus on energy costs, environmental concerns, and enhancing the infrastructure. Therefore, Dow Corning is aligning our products, processes, and people in China to respond by providing solutions to these challenges.

**LG:** We have 13 evaluation centers around the world designed to understand the beauty rituals of different cultures and how they are affected by the climate and environment. The idea is to stay close to consumers so we can understand and adjust to their needs.

In order to take diversity into account, research teams at L'Oréal work on the characterization of skin and hair in various regions of the world. Their goal is to establish a scientific rationale for the needs expressed by consumers.

We conduct surveys to understand consumers' existing beauty routines, types of products they like and don't like, and how they react to new products in different regions. This helps us develop new products and adapt global products to local needs. We are currently applying this process to our reconstructed skin products, for example, in order to respond to the needs of various ethnic groups.

## How does your organization benefit from innovation expertise offered by your employees around the world?

**JG:** We recently conducted a survey of our customers across the globe and asked them who in their companies is responsible for innovation. 37 percent said all employees are responsible. A similar poll indicated that almost 100 percent of Dow Corning employees feel they are responsible for innovation. This response is indicative of our corporate culture which encourages new ideas and collaboration.

Combined with our global business structure that promotes the sharing of innovative thinking between geographies and business units, this mindset offers several advantages. One, we are positioned to take a big-picture look at the challenges and opportunities our customers face. Two, we're able to respond with a diverse range of solutions. And finally, employees are rewarded for contributions to innovation and are therefore more loyal and committed.

**LG:** Everyone within the company is able to contribute to our innovative process. We use a two-level network which interacts locally and internationally. It allows us to use the best research and expertise from around the world, which also helps with global marketing efforts. For example, employees and suppliers may not realize that something from a local market could be useful for the cosmetic industry. Just by working together, we have the opportunity to find out whether it would be useful globally.

## How do you create an innovative global brand?

**JG:** We believe that our employees carry the torch of our brand. Assuring every global employee understands the company's vision, values, and priorities, as well as his or her role in cascading that mission to customers, suppliers, and other stakeholders, is essential.

While we understand that our customers are diverse in geography, market focus, size, and culture, it is critical that all customers know that wherever they are located, whatever their needs are, whoever they talk to at Dow Corning – we will meet their needs exactly. If a company can consistently deliver on its brand promise to customers globally, the brand will follow.

**LG:** The idea is to grow the value of the brand, know the value of the market, and use the global capability of the brand to innovate on a regular basis. The consumer you find buying our products is not the same as the person who buys products from other cosmetic suppliers. Some are more aligned with the European notion of beauty, others are more in line with the New York fashion. The idea is to incorporate the type of beauty that American or European consumers expect into the global brand.

At L'Oreal, we ensure diversity on the inside so we can respond to the diverse needs of consumers around the world. Innovation is really the basis of our business. Therefore, we continue to be open to diversity and everything that's new.

For more information about Dow Corning, please visit [www.dowcorning.com](http://www.dowcorning.com).

For more information about L'Oreal, go to [www.loreal.com](http://www.loreal.com).

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