



INTUITION



COURAGE



EMPATHY

HEART LEADERSHIP UNIVERSITY BUSINESS CASE #1

MANAGING A CRISIS WITH THE HEART

« What heart intelligence does for me is enable me to open up to myself. Intuition is a form of superintelligence; you know it's the best decision you can make given the circumstances. »



Jean-Noël Thorel
Executive Chairman

NAOS



SECTOR
COSMETICS

MID-SIZED FAMILY
COMPANY

45 YEARS AGO

NUMBER OF
EMPLOYEES : **3100**

TURNOVER :
670 MILLION
EUROS
IN 2022

STRATEGIC AREA :
CRISIS
MANAGEMENT

The decision-making framework

► The company

Founded in 1977, Naos now produces 120 million units of cosmetics a year under the Bioderma, Esthederm and Etat Pur brands. Its sole production site (R&D, manufacturing, packaging, shipping) covers 20,000 m2 and is located in Aix-en-Provence, France. Its products are sold in 130 countries.

► The background

At 3pm on May 5th, 2009, the Naos production premises caught fire, resulting in a 17-hour active intervention by the fire department. The employees, who were very attached to their company, were devastated. Some even returned with their families to watch developments of the attempt to save "their factory" and "their machinery." The very next day, Jean-Noël decided to bring all the staff together in the grounds (due to the lack of available premises).

Without checking the company's cash position, the financial cost of the damage, or even the insurance cover, Jean-Noël was quick to reassure his staff.

"Some members of the executive committee suggested that we take more time before moving forward, but Jean-Noël wanted to reassure the employees less than 24 hours after the disaster."

Marie-Rose Di Bernardo, Director of Asset Management at Naos.



Jean-Noël Thorel's questioning

Was it going to be necessary to put all the plant's operational staff on short-time working?

"When I felt the distress of my employees caused by the disaster, I didn't reason out of self-interest, nor did I take advice from my financiers. I **listened to my feelings**."

It was **energy from the heart** that got my **team back on board** and the business up and running even more successfully, and that's not something you can plan in strategic projects."

Key issues

- Total payroll impacted by the disaster and affected by partial unemployment: €5 million, 161 FTEs
- 2009 SALES :€116M
- Cost of reconstruction : €10 million
- Other costs (subcontracting, miscellaneous equipment) : €8 million



The decision

Despite the closure of the plant for an indefinite period, Jean-Noël decided that there would be **no temporary lay-offs**.

Everyone was to be paid 100% of their salary until the situation returned to normal.

The decision-making process



▶ The manager's motivations

Jean-Noël reasoned not with his left brain but with his right brain. All too aware of the distress of his colleagues, he let his heart and **intuition guide his choices**, confident that his workforce would stick together through the storm. He therefore chose to be reassuring and generous.

"We all have to keep the kettle on the boil, so the company is committed to ensuring that no one will suffer as a result of the situation."



▶ The reconstruction stages

- Quality laboratory opened nearby within 3 weeks of the disaster
- June 18th: demolition and building permit submitted
- July 1st: start of demolition and opening of a packaging workshop in rented premises nearby with the "salvaged" machinery
- August 1st: start of reconstruction
- May 5th, 2010: end of construction and delivery of the first machine



▶ Other views

"Talking about the fire brings back memories of **tough times**, hard to deal with at the time of the events, then of very intense activity but a pretty exceptional **human story**."

Marie-Rose Di Bernardo, Director of Asset Management at Naos for 40 years.

Results of the decision

Economics results

Despite 12 months of reconstruction, there was no significant operational loss following the disaster.

In fact, the employees all did their utmost to preserve and save what could be saved, temporarily taking on other jobs, finding subcontractors to continue production, equipping a new packaging workshop, and adapting to new working conditions in which long hours were the order of the day.

Contribution to the social climate

In addition to their already strong attachment to the company, the event forged a strong sense of solidarity among the staff, increased their confidence in their leader and raised awareness of the economic value of their company.

Company's reputation and attractiveness

Given the excellent level of collaboration with the insurers, Allianz made a film about this exemplary relationship to capitalize on what it called the balanced and exemplary way in which the insurer-policyholder relationship worked

Unexpected benefits of the decision

Insured for replacement value, the company was able to productrestartion with new, next-generation equipment.