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Co-Lead: Lía De Sola  
Co-Lead: Jamie O’Brien
Creative Team: Ségolène Dewey (Lead)  
Creative Team: Marissa Squeri
White Paper Team: Michelle Imperiale (Lead)  
White Paper Team: Katherine Desloge  
White Paper Team: Gabrielle Zwyer
Research Team: Alexa Krynicki (Lead)  
Research Team: Phyllis Orozco
Quant Lead: Joshua Borzooyeh

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ABSTRACT

The COVID-19 pandemic has accelerated the re-evaluation of priorities, making the threats leaders face today more complex than ever before. For organizations to thrive in this new environment, they will need to look beyond only satisfying consumers and investors, and unlock an organization's full potential by executing more dynamic strategies. Through qualitative and quantitative research, the Fashion Institute of Technology Cosmetics and Fragrance Marketing and Management (FIT CFMM) Beauty Think Tank has identified four key fronts to drive reformation within the beauty industry: resources, culture, leadership and environment.

Resources: Bureaucracy, manual administrative tasks, and presence of silos take valuable time away from strategy, problem solving and innovation at the workplace. Organizational resources should be thoughtfully implemented to spawn collaboration, efficiency, and simplification of work. To achieve this, companies should institute the following:

- Promoting agility through removal of systemic blockers and implementation of simplifying tech
- AI & automation to reduce admin tasks so employees can focus on deep work
- Creating a pool of protected freelancers for faster business adaptability

Culture: Having a meaningful organizational culture based around purpose, belonging and flexibility is a must for success. Today, employers are facing an unprecedented level of resignations as people reassess what is important after feeling burned out and disenchanted for too long. To combat this business threat and thrive towards sustainable growth organizations are encouraged to:

- Take purposeful social action for the causes that align with the values of the organization and its employees
- Intentionally shine a spotlight to help raise the voices of the unheard
- Be a beacon of flexibility by implementing a 4-day/32hrs work week with no pay reduction

Leadership: Our industry must optimize organizational structures and strategies to mitigate loss of talent. Leadership plays an important role in implementing change within organizations, and further act as instigators of these new tactics. Organizations, and therefore leaders, must be more dynamic and agile to adapt with an evolving market, therefore we recommend:

- Implementing an adaptive hierarchy
- Acting as mentality changemakers
- Re-imagining retention

Environment: Employees re-prioritized their health, family, and time following the pandemic, fundamentally altering the purpose of the office environment and the employee preferences that coincide.

- Align office design with both the human experience and organizational objectives
- Leverage the Metaverse and Web3 for the New Age of “WFH”
- Wholly embrace - and design for - a fluid workplace model
INTRODUCTION

The COVID-19 global pandemic has undoubtedly shifted the way businesses operate and subsequently address emerging threats. For example, many companies including beauty brands pivoted to a four day work week in response to the global pandemic (Finnegan, 2022). The ongoing impact of the global pandemic continues to affect businesses worldwide in multiple industries, including beauty; perhaps one of the most visible issues is supply chain challenges amplified during this time (House, 2021). The Great Resignation has been a key catalyst driving the need for a fresh perspective on recruitment and retention as many employers saw unprecedented numbers of employees depart (CEW, 2022). Recording breaking turnover continues to cause workflow interruptions that impact profit potentials (Moon, 2022). Research reveals that recruiting and maintaining a qualified workforce is part and parcel of organizations delivering financial profits (Moon, 2022). As the workforce shifts, the beauty industry must acknowledge the “new normal” and adapt daily business practices to align with opportunities for future growth of both the business and talent. More so, in an international business landscape with macroeconomic volatility and global supply chain challenges, organizations must rapidly evolve to ensure business continuity.

Historically, companies operated to exceed its customers expectations and grow loyalty for long term strategic growth. Companies were created from the needs of the people; for example Procter & Gamble created the innovative Ivory soap which floated in water to solve consumers' complaints of not being able to locate their soap in murky waters (Mikkelson, 2011). This is just one example of how beauty brands create products with the consumer at top of mind. Brands, especially in beauty, have continued to prioritize consumer-centricity, yet do not consider the ripple effects to stakeholders.

Traditionally, companies have been focused primarily on revenue and satisfying shareholders, which are a person, company, or organization that holds stock(s) in a given company (Corporate Finance Institute, 2022). It is important to note that shareholders have financial ties to the company, whereas stakeholders may or may not economically benefit from the company’s success. Companies have long held shareholders’ needs at the forefront because “shareholder primacy is hard-wired into companies’ legal arrangements, known as corporate charters. Each of the Chief Executive Officers (CEOs) who signed the statement serves at the pleasure of a board of directors. That board, in turn, is elected — and can be replaced — by shareholders. Directors and executives can also be sued for breach of fiduciary duty if they openly prioritize other stakeholders over shareholders” (Fried, 2019). According to renowned American Economist Milton Friedman in 1970, CEOs must strive to provide the highest possible return for all shareholders since the CEO is an employee of the shareholder (Lasicki, 2020).

While shareholder priority is still relevant today, the beauty industry must re-evaluate and come full circle, expanding beyond the best interests of shareholders alone to establish a new roadmap for maintaining relevancy and delivering stakeholder value in tomorrow’s beauty
industry. There was a dramatic shift from Milton Friedman’s position on the priority of shareholders when 181 chief executive officers of nearly 200 major U.S. corporations came together in 2019 to publish a letter shifting their stance on the purpose of a corporation (Lasicki, 2020). Contrary to Friedman, these CEOs together agreed that they will no longer prioritize maximizing profits for shareholders, but instead turn their focus to benefiting all stakeholders, including citizens, customers, suppliers, employees, on par with shareholders (Lasicki, 2020). This was the first time that a powerful influential group redefined the purpose of a corporation and reconsidered the age-old notion that corporations function first and foremost to serve their shareholders and maximize profits (Fitzgerald, 2019).

American business goals have shifted toward prioritizing investing in employees, delivering value to customers, dealing ethically with suppliers and supporting outside communities (Fitzgerald, 2019). According to Jamie Dimon, the chairman and CEO of J.P. Morgan Chase and chairman of Business Roundtable, major employers are investing in their workers and communities because they know it is the only way to be successful over the long term, which reflects “the business community’s unwavering commitment to continue to push for an economy that serves all Americans” (Fitzgerald, 2019). Larry Fink, the chairman and Chief Executive Officer of BlackRock, reinforces Dimon’s thoughts as he calls on CEOs to reevaluate the purpose of a corporation and the connection between purpose and profit (Fitzgerald, 2019). Fink believes “purpose is not the sole pursuit of profits but the animating force for achieving them” (Fitzgerald, 2019). Fink further suggests that fundamental economic changes and the failure of governments to provide lasting solutions has forced society to look to companies for guidance on social and economic issues, such as environmental safety and gender and racial equality (Fitzgerald, 2019). The shifting needs are impossible to ignore as their reformation is integral to achieving business success in all forms, from consumer love and profits to employee retention and satisfaction.

Today is a similar transformative moment to the Protestant Reformation, whereby individuals are facing increasing pressure and escalating global health challenges that have initiated a reevaluation of many aspects of daily life (Pauling, 2022). The global pandemic gave people time at home to reconsider their daily habits, life purpose, needs and expectations as employees and many left the traditional workforce for alternative ways of working (Pauling, 2022). Alongside unprecedented resignations, organizations that fail to acknowledge the modern reformation will eventually be deemed as irrelevant and dissolve. With so many new beauty brands and start up businesses entering the marketplace daily, it is essential that business organizations evolve their models and ways of working to successfully operate in a post-COVID-19 international business environment (World Economic Forum, 2021).
LOOKING BACK: THE PROTESTANT REFORMATION

The Fashion Institute of Technology Cosmetics and Fragrance Marketing and Management (FIT CFMM) Beauty Think Tank reflected on the Protestant Reformation of the 16th Century for its striking similarity to societal changes happening today – politically, socially, and economically. According to Merriam-Webster’s dictionary (2022), the root of the word ‘reformation’ is ‘reform,’ which can be defined as the improvement or amendment of what is wrong, corrupt, or unsatisfactory. Lockdowns across the world during the COVID-19 pandemic gave people ample time to think about life satisfaction as well as inequalities and issues in the modern world. Not unlike society in the 16th Century, humans of the 21st Century are eager and willing to usher in a new wave of change.

The Protestant Reformation led to the creation of Protestantism as one of the three major branches of Christianity, largely due to the contributions of leader Martin Luther (Britannica, 2020). The greatest authority at that time in history was the Catholic church, and when the Church failed to properly address the suffering and deaths caused by the Black Death pandemic, the British public began to question why the Church had so much power and yet were not supporting the general population (Mark, 2021). This sentiment of frustration with authority was omnipresent throughout the COVID-19 pandemic as well; from return-to-office policies to vaccine mandates, topics that were a non-issue pre-pandemic became polarizing.

The Protestant Reformation shed light on the misguided actions of the religious clergy and their involvement in political affairs. Directly stemming from the increased number of deaths due to the Black Death pandemic, the Catholic church began to sell indulgences, which “were purchased to shorten one’s time in purgatory (or the stay of a loved one) and speed the soul on toward heaven” (Mark, 2021). Martin Luther questioned the efficacy of these indulgences and unintentionally acted as the catalyst for the Protestant Reformation with his words and actions highlighting the corruption in the Catholic Church. The Reformation and its messaging did not happen solely due to Luther’s work, it was a slow build “influenced by currents of nationalism, mercantilism, anticlericalism, and opposition to vested property interests in the hands of the church that had begun in the late fourteenth century” (Harvey, 2009).

Although Luther’s 95 Theses directly addressed the corruptness of the Catholic church and was a religious protest at its core, the larger implications of the Reformation included questioning societal norms and values, redistribution of power, acknowledgment of a wealth gap, resource scarcity, and increased ease of information sharing (Mark, 2021). The mass education and increased literacy rate of the supporters of the Protestant Reformation was profound. The printing press created by Johannes Gutenberg allowed ideas to be disseminated more easily compared to the past (Harvey, 2009). The Black Death pandemic spread quickly throughout Europe in the 16th Century, similar to COVID-19 spreading throughout the world in the 21st Century pandemic; the FIT Beauty Think Tank hypothesizes that similar to the Protestant Reformation, society today is in the process of going through a reformation.
HISTORY REPEATS ITSELF: 21ST CENTURY REFORMATION

While the Protestant Reformation was the 16th-century religious, political, intellectual and cultural upheaval that splintered Catholic Europe, setting in place the structures and beliefs that would define the continent in the modern era, research conducted by the FIT CFMM Beauty Think Tank suggests that, similarly, individuals today are questioning the known order, re-evaluating authority, and seeking answers from institutions and organizations that in prior years were undisputed (The Protestant Reformation, 2022). Pandemic living has been a major cause of this re-evaluation, and it has shed light on some inherent challenges in modern economic arrangements. During COVID-19, “many people stuck in tiny city apartments or in land-locked suburban homes were wishing for such bygone self-sufficiency, yearning for an increased sense of agency over their lives, and searching for some measure of independence from the churn of corporate structures and the global supply chain” (Pauling, 2022). The global pandemic has caused the basic terms of employment to be completely reconsidered as the pandemic forced a homebound lifestyle, still working nine to five jobs while cooking, cleaning, and providing childcare for their families. This new work-life balance blurred the lines between careers and personal lives, and left people looking for a greater sense of purpose. As a result, over 20% more Americans relocated homes during the pandemic in 2021 compared to 2020, taking on remote work opportunities in an effort to live a more balanced life (Pauling, 2022). Relocations were largely from populous urban areas to less-populated areas with the most departures coming from the most densely populated states: California, Illinois, and New York. The cost of living, proximity to family and work flexibility were the driving factors that movers stated for their relocation (Pauling, 2022). Globally, with COVID-19 disrupting most individuals’ normal ways of life, people were driven to re-evaluate their priorities and lifestyles. Similar to the 16th Century Reformation, in an uncertain global climate, individuals are questioning the current state of affairs – trying to take action – to restructure for a new future.

In an uncertain global climate with pandemics, food and supply chain scarcities, immediate access to information, today like the 16th Century Reformation, individuals at large are questioning the current state of affairs including wealth gaps and uncertainties to restructure for a new future.

With many people questioning their values, an unprecedented rate of job changes has followed. Psychologist and business administration professor Anthony Klotz coined the term “the Great Resignation” in 2021 to describe the increasing rate of Americans leaving their jobs (Lodewick, 2022). Klotz initially hypothesized that a majority of people would stay in their roles the first year of the pandemic for job security, and eventually negative feelings about job satisfaction would reach a boiling point; as burnout, anxiety, and reprioritization of life has ensued, Klotz’s theory has proven true. According to the U.S. Bureau of Labor Statistics’ Job Openings and Labor Turnover Survey (JOLTS), February 2022 was the ninth consecutive month for resignations to exceed 4 million in the United States.
This professional reshuffling affected more than just the U.S., a Gartner survey revealed that out of 3,500 employees across the globe in October 2021, 65% said the pandemic had made them rethink the place that work should have in their life (Wiles, 2022). Further, the same study showed that nearly a quarter of workers in Singapore intended to quit their jobs in the first half of 2022. The Future Forum Report published in January 2022 highlighted the amount of workers around the globe open to looking for new jobs within the next year: 53% of workers in France, 55% in Germany and Japan, 64% in Australia and 60% in the United Kingdom (Horowitz, 2022). All of these statistics suggest that as the effects of the pandemic continue, so will the resignations.

While individuals contemplate and discover their personal motivations, rebellion against societal norms will occur, similar to the Protestant Reformation. In fact, one in four Americans quit their job in the past year as mindset shifted away from the traditional nine to five, forty-hour work week (CEW, 2022). Many people left to create their own businesses; interestingly, just after the onset of the pandemic, the United States Census Bureau recorded an increase in business creation, over 2.6 million new business applications were submitted in the second half of 2020, close to one million more than the first half of the year at 1.7 million (Pauling, 2022). The beauty industry also saw COVID-19 drive a mass exodus from the workforce as it changed many ways in which people lived and worked; it has accelerated trends that may have taken decades to evolve. In fact, research shows that in many ways, beauty brands have seen 25 years of change in just two years (CEW, 2022). In an effort to re-prioritize their careers, many professionals in the industry turned from full-time to freelance work. As a result, 60% of global executives believe freelancers will “substantially replace full-time employees in the next five years” (CEW, 2022). Now, two years into the pandemic, the number of job resignations continues to be at an all-time high, drawing further similarity to the Protestant Reformation’s upheaval that splintered Catholic Europe. Individuals are confidently reconsidering their lives, reassessing what brings them purpose, and the need for flexibility and meeting worker demands has taken center stage.

While businesses have found tremendous ways to industrialize and scale over the past hundred years, much of the way we work has remained unchanged since the installation of the five-day work week that once revolutionized the work force. In 1922, the decision to reduce the workweek from six to five days, without deducting pay, was implemented by Henry Ford (Brockell, 2021). According to The New York Times, Edsel Ford, Henry’s son and the company’s president believed “every [person] needs more than one day a week for rest and recreation…The Ford Company always has sought to promote [an] ideal home life for its employees. We believe that in order to live properly [everyone] should have more time to spend with family” (Brockell, 2021). As fueled by new ways of living due to the global pandemic, individuals are reconsidering and challenging the five-day work week.

During the pandemic, Americans, as well as people across the world, were able to spend more time with their families as a result of quarantine. People were allocated time to reassess everyday priorities and inequities, which has expedited employee introspection of priorities, values, and long-held traditions, bringing to the surface new threats to business continuity.
According to FIT CFMM, Workplace Sentiment Survey (April 2022), 84% of survey respondents agree that the pandemic made them reevaluate what they wanted from their career and employer. Further, many sources identified leaders and employees have a massive disconnect in perception around workplace well-being. “[The global pandemic] revealed a stark disconnect between what employers believed they were providing around well-being versus what employees perceived [with] the overwhelming majority of Chief Financial Officers (CFOs) (84%) [believing] their company has successfully addressed essential issues such as well-being [while] only a third of employees thought so” (Randazzo, 2021). Due to this disconnect and dissatisfaction, now, more than ever, it is imperative for all industries to adapt to new employee and leadership standards, rapidly shifting innovation, and new expectations for purpose-lead business practices.

Similar to the questioning that came from society during the Protestant Reformation, today’s workforce demands organizations evolve to better attract and retain talent, as employee attitudes are shifting. Further, corporations must find harmony in honoring cultural similarities and differences as globalization continues. With technology evolving at a rapid pace, consumers' expectations are rising, and not only will organizations need to be prepared to work with agility and efficiency, they must still work to foster creativity among their employees. This includes the need for modification of physical environments to better meet the needs of employees, and the adoption of a healthy professional culture.

The global pandemic was a driving force behind today’s Great Resignation and has accelerated financial threats to the longevity of organizations and industry (Pauling, 2022). COVID-19 social distancing and quarantine life allowed for people to pause and reflect on the current status of their lives. The pandemic brought health-related fear from society, and has raised anxiety across the world (The Conference Board, 2021). As more people experienced the virus, the number of people reevaluating their lives grew and many quit their jobs. Globally “employee engagement decreased by 2 percentage points from 2019 to 2020, and employees reported higher worry, stress, anger and sadness in 2020 than they had in the previous year (Gallup, 2021).” In fact, in the United States, “nearly half of employees [had already] reported experiencing a lot of stress before the pandemic in 2019, and they were even more stressed in 2020 with 57% [of American employees] reporting high stress—far above the global average” (Gallup, 2021). Employees continue to take on increased working hours due to pressure from living in a home office and the necessity to deliver financial profit amid a shut down global economy (Maurer, 2020). The pandemic puts even greater pressure for women to balance house chores, in-home education to children, and childcare overall, but the gap in burnout between women and men has almost doubled since 2020 (Women in the Workplace, 2021). In the past year, one in three women have considered leaving the workforce or downshifting their careers, which is a significant increase from one in four women in the first few months of the pandemic (Women in the Workplace, 2021). Another factor contributing to burnout is the residual effect from layoffs in the onslaught of the pandemic. Many of today’s employees report being “saddled with
additional work as their colleagues leave because of burnout or the cost of living in New York” (Izadi, 2022).

As an industry, beauty corporations must respond to COVID-19 crisis’ new emerging needs for the future workforce, particularly in the midst of a modern Reformation – which, if not addressed by organizations, threatens the future of the industry around the globe. Already today 62% of executives at large United States companies are struggling with the current labor shortage (U., 2022). We are ripe for change and must consider how we reinvigorate our workforce. Further, it has affected all aspects of the economy, including price pressures that have risen from pent-up demand and changes in behavioral patterns from consumers, further leading to supply chain pressures - making a vicious circle between corporations and consumers (World Economic Forum, 2021). As corporations move forward post-pandemic, change and reformulation is necessary to ignite chemistry across their internal teams driven by purpose and connection to preserve well being, talent, and ultimately, the business.

LACK OF CORPORATE EVOLUTION

Even though an intense questioning of established norms is happening today, research indicates that a lack of corporate evolution in recent times is a driving force behind the 21st Century Reformation. One of the greatest examples of this shortfall is the wage gap and rising inflation. Employee salaries have not evolved at the pace of inflation, so inflation continues driving daily pressure on employees who are not seeing a rise in wages. “The renewed inflationary pressure risks [are] lasting longer than was expected a few months ago [with] rising food and energy prices hitting low-income households [most]” (OECD, 2021). In fact, “only 17% of workers say they have received raises that kept up with inflation over the past year. Most of the rest say either that they have received raises that lagged price increases or that they have received no raise at all; [and] 8% of respondents said they had taken a pay cut” (Casselman, 2022). Much evidence exists regarding a wage gap: “In 2017, the chief executives of the 350 [of the] largest publicly traded United States companies reported, on average, an increase in compensation of nearly 18% according to a report by the Economic Policy Institute [which] compares with a puny raise of just 0.3% for all other workers in the same industries” (Rugaber, 2018). With minimal average employee pay increases, if at all, many are switching jobs in hopes of receiving a pay increase. According to the Federal Reserve Bank of Atlanta, “data shows that job-switchers are getting significantly faster pay increases than people who stay in their jobs” (Casselman, 2022). The global pandemic worsened the disconnect between wages and inflation as compensation increases are not matching the pace of inflation.

The skills demanded in the wake of the global pandemic are not necessarily the same as before, indicating a need for companies to update decades-old standard operating procedures (OECD, 2021). Today’s jobs are lacking qualified candidates therefore organizations have the opportunity to better educate, train and upskill their existing employees, instead of hiring new
employees which carries a greater cost. The 21st Century Reformation is also driven by a lack of evolution in how companies measure employee output. Salaries are based on a forty-hour work week; however, most employees work much more than that with research suggesting a better metric for measurement is the number of projects or tasks employees work on (Starr, 2022). From upskilling to redefining output, companies must evolve.

Another key driver signaling the importance of a corporate evolution is the collective experience of women and people of color in the workplace. Despite public commitments to equity, many companies have not evolved their treatment of employees. There is a disconnect between companies’ growing attentiveness to racial equity and the lack of improvement in the day-to-day experiences of women of color; the rate of microaggressions women of color face is similar to the tide of equity movements seen in 2020 (McKinsey, 2021). Further, there is a lack of diverse representation in executive leadership roles. According to a McKinsey & Company study, “women and people of color comprise 64% of entry-level roles but only 32% of the executive suite” (Sigelman, 2021). Similarly, the representation of black men in management has barely improved since 1985, from 0.2% representation to only 3% representation in 2016 (Sigelman, 2021). Further, there are pay discrepancies among people of color, and it demands attention from corporations (Rugaber, 2018). In 2017, “for whites and Latinos pay rose 0.9% adjusted for inflation [and] for African Americans, it fell 0.5%” (Rugaber, 2018). Companies must evolve to treat employees equally, regardless of ethnicity.

The collective experience of women and people of color in the workplace contributes to the rise in employee activism. Employers are beginning to understand the importance of their internal stakeholders, their employees: "employees are an essential element of any company…the way [employees] are affected by policy changes and events within the company determines the extent of their engagement and the quality of their contributions to the workplace” (Farnham, 2022). Looking ahead to the future, organizations are not prepared and have not modernized to meet the needs of a younger employee. A recent Deloitte survey indicated that “travel and seeing the world” was the young respondents’ greatest life goal, more than “earning a high salary, owning a home, or having children” (Kurutz, 2019). Organizations must strive to better understand employees and deliver more respect within an equal playing field where employees have opportunity for advancement regardless of background, race or any characteristic unrelated to the skills required for the job.

The global pandemic further revealed and, in some cases, accelerated current lack of corporate evolution to allow for more flexibility in the workforce. Some individuals had to take time off work to care for sick family yet most companies do not allow for a period of work leave, or sabbatical: “in 2017, just 17% of companies offered employee sabbaticals, with just 5% offering a paid medium-term absence benefit, according to a survey conducted by the Society of Human Resource Management” (Troyer, 2021). Today, most companies remain in a traditional benefit reward structure in respect to sabbaticals and paid time off. Even before the global
pandemic, a record number of people were “quitting their jobs [which began at] the end of the previous recession” (St. Louis Fed, 2022).

The number of people interested in forgoing the benefits of corporations to work for themselves continues to grow because of the desire for more balance between work and personal life (United States Labor Force, 2022). Between 2020 and 2021, “unincorporated self-employment rose 8% [after] a 4% [increase] from pre-COVID 2019, likely driven by the rise of remote work post-pandemic and the Great Resignation’s role in promoting entrepreneurship, particularly within the freelance space” (United States Labor Force, 2022). Because of the desire for flexibility in the workplace, people across the world are seeking alternative solutions to finding their own professional happiness. While there are a myriad of reasons that employees choose to leave their jobs, there is clear evidence that change is needed within larger corporations to retain talent and keep these companies afloat.

Research indicates that many people quit their jobs due to a lack of trust. Despite advancements in technology enabling more fluid communication, companies have not evolved in information sharing practices with employees. While “72% of executives believe they are being transparent, only 47% of employees surveyed agreed” (Pulse Survey, 2022). This disconnect has implications for employee experience and retention: “employees who don’t believe their company is being transparent about post-pandemic remote working policies and report 20% lower employee satisfaction scores [and they are] also more than two times more likely to say they’re planning to look for a new position in the coming year (Pulse Survey, 2022). The global pandemic fueled mistrust with many corporate leaders who were distrustful of those that worked from home. Some managers believe that people who work from the office are higher performing and more likely to be promoted than people who work from home (Kropp, 2022). Many high-profile senior executives made public statements on how “hybrid and remote employees underperform” despite the fact that “there is no sustained difference in performance” between their employees who come into the office versus those who do not (Kropp, 2022). The lack of trust between corporate leadership and employees, especially in regard to remote work policies, is a key tension point between both parties. As employee desires and demands continue to evolve post-covid, organizations will need to adapt to stay relevant; it will not be enough to simply offer occasional work-from-home days and revert to the traditional 40-hour work week. Corporations should look within their workforce to inspire change, while adapting best practices from competitors and adjacent industries. It is time for beauty’s Great Reformation.

**METHODOLOGY**

The FIT CFMM Beauty Think Tank conducted extensive qualitative, quantitative, and secondary research to identify threats to the beauty industry and troubleshoot solutions to those threats. This research included three quantitative surveys reaching 388 beauty industry professionals, 28 expert consultations, and over 130 secondary resources. While secondary
research primarily focused on “looking back,” quantitative and qualitative research concentrated on “looking forward.”

The FIT CFMM Leadership Hot Topics Survey was the first proprietary quantitative research conducted to understand how today’s senior executives perceive future and current priorities within the industry. To complement the leadership feedback, the FIT CFMM Undergraduate Hopes & Expectations Survey was launched to learn the perspectives of the next generation. The FIT CFMM Workplace Sentiment Survey is the cornerstone of the class of 2022’s research. This quantitative study was conducted on a digital survey platform between 4/4/2022 and 4/28/2022, surveying 284 respondents, 95% of whom work in the United States. The audience self-identified as 82% female, 17% male, and 1% as gender variant/non-conforming. The ages varied from 18-66 and the experience of the audience spanned from entry level through executive level. Of the 284 respondents, 69% reported as currently working in the beauty industry.

Additionally, two in-depth field studies with company, university, and retail visits helped to strengthen secondary research findings. The first field study consisted of a week in Los Angeles and San Francisco, and the second field study was a two-week European study in Florence, Bologna, Madrid, Barcelona, and London. The insights from the European Field Study were sourced through expert speakers, expert interviews, Cosmoprof Bologna and Cosmotalks, and in retail personnel interviews. Through this qualitative and quantitative research, the FIT CFMM Beauty Think Tank has identified four key fronts to drive reformation.

THREATS TO ORGANIZATIONS

As indicated in both primary and secondary research, the beauty industry, like other sectors, is facing threats to business continuity that demand organizations take action. The goal for the beauty industry is largely to pursue profit; however, businesses must do so not by just creating the world’s problems, but rather creating profitable solutions for solving them (Polman & Winston, 2021). In modern history, while businesses have found tremendous ways to industrialize and scale over the past hundred years, much of the way we work has remained unchanged since the installation of the five-day work week that revolutionized the workforce—until the global pandemic surfaced and accelerated challenges.

Complexity

Bureaucracy, manual administrative tasks, and presence of silos take valuable time away from strategy, problem solving and innovation at the workplace. As a result, employees are left feeling unsupported. This lack of agility within organizations, including supply chain challenges, and slow-moving innovation threatens corporations’ ability to compete in crowded marketplaces as well as exceed customer expectations. According to the FIT CFMM Workplace Sentiment
Survey (2022), 53% of industry professionals agree structure and policies often stifle agility and experimentation.

**Burnout**

Today, employers are facing an unprecedented level of resignations as people reassess what is important after feeling burned out, disenchanted and unfulfilled. The FIT CFMM Workplace Sentiment Survey (2022) revealed that 80% of the industry professionals surveyed agree that a five-day work week is an outdated model and feel strongly that their organization would be equally productive working four days at eight hours per day.

**Turnover**

Leadership plays an important role in implementing change within organizations, and further acts as instigators of organizational structures and strategies. Bureaucratic policies and sentiments of stagnation are causing employees to feel undervalued; according to Microsoft’s 2022 Work Trend Index, 41% of workers surveyed worldwide were considering resigning. From a corporate perspective, the financial implications of retaining employees is paramount. According to the FIT CFMM Workplace Sentiment Survey (2022), 26% of employees say they only plan to stay with their employer between 0-2 years; when this number is further considered with the U.S. voluntary turnover rate of 12% (Ariella, 2022), it can be said that the 14% gap is representative of a potential liability to companies. Automatic Data Processing (ADP) calculated the average cost of a new hire in 2022 is $5,115 per person – $4,129 rehiring costs and $986 retraining costs (Yu, 2022). As an illustrative example, if large multinational beauty companies with 50,000 employees or more do not address the looming threat of resignations they could face approximately $31,500,000 in rehiring and training costs this year alone. Organizations, and therefore leaders, must be more dynamic and agile to adapt with an evolving market to better retain talent.

**Rigidity**

Employees re-prioritized their health, family, and time following the pandemic, fundamentally altering the purpose of the office environment and the employee preferences that coincide. As organizations aim to return to pre-pandemic ways of working, employees are left feeling uninspired, especially with out-dated return-to-office policies. According to the FIT CFMM Workplace Sentiment Survey (2022), 71% of employees would look for another job if they weren’t granted the flexibility to work from home. Additionally, 55% of those surveyed feel an environment designed to foster efficiency and creativity would increase their desire to visit their office (FIT CFMM Workplace Sentiment Survey, 2022).

The beauty industry must expeditiously address these modern, escalating challenges to ensure the business continuity and continued success of our organizations for years to come. In part as a result of the COVID-19 pandemic, there has been an acceleration of the re-evaluation of priorities for organizations, making the threats leaders face today more complex than ever before.
For organizations to thrive in this new environment, they will need to look beyond only satisfying shareholders and unlock an organization's full potential by executing more dynamic strategies and optimizing in the additional areas that work in conjunction to keep a company afloat (Fitzgerald, 2019).

DEFINING THE GAP

Upon realizing the threats companies face today, organizations must reform through internal organizational change to future-proof not only themselves, but the world and societies they impact, establishing balance between business continuity and profit. Having researched how businesses have been managed since industrialization was conceived and understanding today’s societal evolving needs, it was made clear that today’s organizations are over-prioritizing two stakeholders: Consumers and Investors. Generating sufficient revenue to meet shareholder expectations has traditionally been regarded as a corporation’s number one priority (Fried, 2019). However, BlackRock chief Larry Fink’s 2019 annual letter to shareholders noted “as divisions continue to deepen, companies must demonstrate their commitment to the countries, regions, and communities where they operate, particularly on issues central to the world’s future prosperity” (Fitzgerald, 2019). Consequently, the traditional “bottom line” of corporations will need to evolve to a “triple bottom line,” focusing equally on people, planet, and profit.

Today, beauty companies must make necessary changes in the operation of their organizations by reconsidering how they leverage internal ways of working. In this modern environment, the beauty industry must re-evaluate and come “full C.I.R.C.L.E.” in order to unlock its full potential, expanding beyond the best interests of Consumers and Investors alone to address four additional areas of equal importance: Resources, Culture, Leadership, and Environment. Focusing on resources will address the threat of complexity, culture will address burnout, leadership will address turnover, and environment will address rigidity. It is within these four areas that companies are developed and ultimately grown. By maintaining focus on these internal facets of a corporation, companies are better suited to generate long term profitable strategic growth amid global uncertainties. The beauty industry today must work alongside other leading industries that are reconsidering how they “leave behind the shareholder primacy era, which elevated capital as the paramount resource for business leaders to secure, steward, and reward. Now, amid decelerating labor force growth, superabundant capital, and the growing importance of intangible assets like intellectual property and customer networks, the balance of power is shifting from capital to labor” (Schwendel, 2022). Investing in employees, delivering value to customers, and dealing ethically with suppliers and outside communities are at the forefront of today’s business goals (Fitzgerald, 2019).
LOOKING FORWARD: FUTURE-PROOFING WITH THE C.I.R.C.L.E. APPROACH

Resources

The global pandemic firmly established the importance of agility within organizations due to the continuously growing amount of roadblocks. Today’s global climate and volatile financial markets demand organizations re-evaluate assets and best practices. Roadblocks within organizations are manageable as the survival of organizations depends upon the ability to conquer new global challenges. "Agility is not a matter of losing control but rather creating an environment in which companies can change with the times and respond to uncertainty in a way that balances what they are with what they want to be" (Girod & Králik, 2021). Historical organizational bureaucracy slows decision-making, making it difficult for employees to influence business decisions quickly, which has become an increasingly dangerous liability in today’s uncertain climate (C., 2018). The demand for infrastructure to be put in place to execute consumer-centric innovation with agility became exponentially more important due to the ongoing global pandemic.

A case study of the Clarins Group demonstrated the various ways in which established businesses were forced by the pandemic to re-evaluate ways of working. Established in 1954, the French luxury skincare brand Clarins was slow to invest in digital marketing and technology, but was forced to reassess their online presence because in-store distribution was shut down across hundreds of countries worldwide (Chesters, 2012). Like many beauty brands, Clarins was forced to find balance between staying agile and maintaining business goals and needs "without sacrificing the internal stability that had long served the company well" (Girod & Králik, 2021). To better connect with consumers and understand demand, Clarins opened its first overseas laboratory and research center in Shanghai. Clarins invested in advanced devices and technology to test the effects of its products on Chinese consumers despite pandemic store closures. The challenges that Clarins group faced because of the pandemic were shared by many, but few companies were able to accelerate technology investments to ensure continued research and innovation amid a global health and economic crisis.

Naturally, Clarins was not the only beauty organization to be impacted by the COVID-19 pandemic. In fact, the beauty industry saw a decline that was representative of the global economic impact (Gerstell, 2020). Companies had to strategically respond as it would not be until Q1 of 2022 that beauty product sales returned to pre-crisis level (Q1 2022 Prestige Beauty Jumps 19%, 2022). According to McKinsey & Company, after the challenging year of COVID-19, the beauty companies that are seeing success are those brands that offer a distinctive omnichannel customer experience while prioritizing sustainability and inclusivity (Marchessou & Spagnuolo, 2021). In order to achieve success in today’s environment, beauty organizations must properly allocate their resources to create a fluid omnichannel consumer experience that aligns with customer priorities. Adaptation of customer service and profit generating actions is increasingly
demanding, putting pressure on the need for organizations to address low-value work. Companies may increase efficiency by re-evaluating priorities, implementing tools, and outsourcing responsibilities. “The reduction in error and menial tasks means employees are left to use their time valuably and strategically for creative problem solving” (Spiegel & Hyder, 2021). Recently, there has been an influx of project management tools that reduce mundane work and bring people into the “flow state” to problem solve and work efficiently (Schwendel Et. Al, 2022), yet individuals are still not performing at their full potential.

Organizations must continue to address the epidemic of low-value work plaguing employees and taking attention away from consumer-centric thinking. This includes re-evaluating what is seen as “business critical,” assessing the “minimum effective dose” of data needed for decision making, identifying technology to reduce low-value work, and considering outsourcing models to better protect bandwidth for innovative thinking. As a starting point, team protocols around email usage are a must for agility moving forward: “email has become a way to organize to-do tasks, not to communicate; e-mails should be replaced with true forms of collaborative communication [such as brainstorming sessions and] workers should be judged based on their results, not their responsiveness to emails” (Schwendel Et. Al, 2022). By leveraging automation, companies may further replace “shallow work” with more “deep work” enabling employees to take on new projects and advance their career while simultaneously reducing individual stress levels and providing a better work life balance (Spiegel & Hyder, 2021). With COVID-19 accelerating the shift toward digital, it is increasingly important for companies to create time and space for employees to contribute toward new solutions for today’s new and evolving challenges to continue to generate revenue and growth. Beauty brands today must “be online or be overlooked” further challenging the organizational structure and demanding agile innovation and intentional output with a focus on the omnichannel experience (Verneker, 2020).

The tremendous slowdown in beauty product sales due to the global pandemic gave opportunity for businesses to reconsider outdated tools and processes that were not meeting the needs of the present and future consumer. With the rise of virtual meetings and fewer in-person encounters, leaders connect even less, which fuels silo-culture (Schwendel Et. Al, 2022). Corporate headcount reduction and restructurings have employees doing the work of multiple jobs, which challenges their abilities to focus on deep work (Schwendel Et. Al, 2022). Employees may now be returning to the office and pre-COVID workflow behaviors; however, many individuals are not seeing the output expectations scale back now that they are no longer home confined in quarantine. With increased workflow, many executives surveyed in May of 2020 noted that agility was a priority as a means toward addressing employee emotional needs and protecting financial gains (Girod & Králik, 2021). In fact, sixty four percent of five hundred and fifty executives surveyed reported that agility was a priority (Girod & Králik, 2021). Defined by executives surveyed as “fast adaptation to uncertainty,” many agree that a corporate priority is for the organization to be able to respond quickly to everchanging volatile markets and global health crises (Girod & Králik, 2021). Research shows that speed is only one dimension of organizational
agility: “agility is the flexibility large companies achieve when their organization allows them to be simultaneously nimble and stable as well as simple and complex in response to high levels of uncertainty” (Girod & Králik, 2021). With the global pandemic affecting and continuing to impact businesses, it is evident that organizations must generate new responses in quick timing to compete. Companies must embrace stability and nimbleness while also achieving sophistication in simplicity and complexity to achieve organizational agility and address tomorrow’s challenges successfully.

The FIT CFMM Beauty Think Tank’s research suggests that companies will have to reform by effectively listening to employee needs, upholding and performing clear values and missions, and depending on the necessary technologically advanced resources to future-proof not only themselves, but the world and societies they impact. Legacy organizations must now move faster to adapt to advancing technology and businesses must find balance between technology and humans. Companies must transition from a lack of agility and overabundance of low value work to form companies defined by agile innovation and intentional output. To compete in the already crowded beauty industry, brands must put infrastructures in place to execute consumer-centric innovation with agility. In the fast-evolving beauty landscape, organizations must be able to quickly adapt; however, bureaucratic policies often stifle agility and experimentation, which negatively impacts brand’s abilities to compete. Through internal organizational change and re-connecting with employees, organizations may future-proof themselves for the long-term by achieving balance between technology and human driven purpose. The beauty industry will be no exception: change is necessary for organizations to ignite chemistry across their internal teams driven by purpose and connection to preserve wellbeing, talent, and ultimately, the business.

Create and Implement the Position of a Chief Agility Officer (CAO)

The solution to creating an infrastructure for agility begins at the top, with the adoption of a Chief Agility Officer (CAO). “The CAO would be solely responsible for transforming the way work gets done, not what work gets done” (Masters & Bregman, 2017). Research supports the recommendation that “the heads of service lines [and] business units and the Chief Operating Officer (COO) maintain all their focus on executing against operational objectives and strategy [while alongside a] CAO [who] takes accountability for measuring the way work gets done, identifying systemic improvements, and agreeing with her or his peers on the board how these improvements should be delivered” (Masters & Bregman, 2017). Responsibilities of the CAO would include facilitating the removal of organizational silos and systemic blockers experienced by teams (Masters & Bregman, 2017). It is recommended for the CAO to coach agility with the leadership team, who often will have only ever experienced traditional ways of “command and control” working (Masters & Bregman, 2017). Today’s fast-paced global world requires the implementation of agile portfolio management practices to “reduce the time taken from someone having an idea to starting the actual delivery work” (Masters & Bregman, 2017). Many
organizations have inefficient processes that leave opportunities to improve bottom lines (Candito, 2016). In fact, comprehensive research indicates that companies lose 20 to 30 percent in revenue every year due to inefficiencies (Candito, 2016). To achieve greater corporate efficiency, the CAO may lead training with managers to provide practical tips for reducing their teams’ stress levels to ensure individuals are able to perform at a high level daily (Schwendel Et. Al, 2022). Unilever is an example of an organization that has adopted new training to teach leaders how to reduce employee stress and encourage “mental hygiene” for individuals to operate at their most productive daily (Schwendel Et. Al, 2022).

**Build a Central Artificial Intelligence (C.A.I.) Hub**

The research conducted by the FIT CFMM Beauty Think Tank uncovers an opportunity for organizations in which quantitative and qualitative data centralization tools can further an agile mindset by conveniently aggregating cross-functional learnings and consumer market insights to be distilled and translated into action. To become future-proof, organizations are recommended to scale and infuse artificial intelligence into core business processes. Using blockchain technology to communicate, organize and execute projects will be integral to optimizing resources for tomorrow. Organizations should conduct annual reviews to ensure that improvements continue year after year in anticipation of tomorrow’s business climate. This survey is key to successful implementation and tracking of initiatives, and can help guide any further courses of action. These recommendations are validated and supported by comprehensive research suggesting the importance of agility, balance, and simplicity for tomorrow’s leading organizations and businesses.

To achieve agility, organizations must absolve time intensive and low value work that is currently overwhelming the workforce. To deliver more profitable results, employers must invest in new technology including artificial intelligence which will automate low value work allowing employees to focus on meaningful problem solving and creative tasks for a more balanced organization. This opportunity for greater balance within the organization as a means toward achieving agility and superior financial results was accelerated due to COVID-19; however, even before the pandemic employees felt burdened by low value work. In 2019, United States’ workers attested to being “often distracted by emails, meetings and administrative tasks” which consumed time so that “only 40% of the workday [was] spent on their primary tasks (TalentCulture, 2019). In fact, research shows that the bulk of managers’ time is spent on administrative tasks (Kolbjørnsrud, 2017). With remote work taking over during the pandemic many employees found their days extended. According to the FIT Workplace Sentiment Survey (2022) many people attest to a substantially increased workday: “I am expected to do more, in the same amount of hours.” This overwhelming daily experience does not bode well for company profit and longevity as employees are led to burn out. We recommend organizations create a Central Artificial Intelligence Hub that serves to take on administrative tasks allowing employees more time for
deep work. Similar to how “Siri” and “Alexa” function in people’s daily lives, we envision a straightforward business intelligence interface that seamlessly integrates company data to facilitate tasks and create more time for employees to take on greater challenges. The reduction of time intensive, low value work will elevate the workforce and create space for solving tomorrow’s problems and ensuring organizations remain at the forefront of industry shifts and macroeconomic challenges.

The final piece in achieving agility is that organizations must create simplification and transparency of work so all parties have access to the same information. Data must be readily available for quick decisions, and conversations must occur around one truth rather than employees all spending time locating information from various sources. It is estimated that in America alone over 37 billion dollars is wasted annually due to unproductive meetings (Breedon, 2022). Cumbersome legacy systems, multiple management layers, and unwieldy decision approval processes all contribute to record-high levels of day-to-day clutter, which is only getting worse: the number of business and consumer emails sent and received per day is expected to grow to more than 347 billion by the end of 2023 (Breedon, 2022). We recommend the implementation of blockchain technology in various aspects of the workplace for transparency benefits and the simplification of complex processes. In fact, many retailers have already demonstrated the successes of new blockchain technology. Walmart for example has leveraged blockchain to improve its invoicing system: “prior to the change, seventy percent of invoices were disputed and today less than one percent of invoices have discrepancies, and these disputes are easily flagged and quickly resolved” (Vitasek, 2022). Other organizations like BMW are leveraging blockchain technology and demonstrating that its implementation in the supply chain yields efficiency and reduction in errors (Henry & Pawczuk, 2022). According to BMW, “not so long ago, [our complex global supplier network] relied on spreadsheets and email [which enabled] fraud, limited visibility into second-tier suppliers, and mismatch of supply and demand to be common issues that [caused] production disruption and quality issues” (Henry & Pawczuk, 2022). With blockchain technology adopted, real-time visibility is now shared among all supply chain members which prevents overstocking and shortages. The transparency not only benefited BMW but enabled its suppliers to uncover improvement opportunities, which we believe carryover as a major next step for the beauty industry. As BMW demonstrates, organizations that adopt blockchain technology are able to be more agile in problem solving to ensure survival and the ability to conquer tomorrow’s challenges to overcome supply chain challenges and lead profitable market share gains.

Blockchain is no longer a competitive advantage but has become an integral part of companies' abilities to strengthen agility, balance, and simplicity to remain relevant and drive innovation to achieve a future-proofed, optimal organization. Blockchain technology is being used to communicate, organize and carry out projects. The solution is to implement blockchain technology in various aspects of the workplace where its transparency benefits can be used to simplify complex processes. Another opportunity because of blockchain technology is the ability
for organizations to leverage smart contracts, which are programs stored on a blockchain that run when predetermined conditions are met (What are smart contracts on blockchain, 2022). Smart contracts typically are used to automate the execution of an agreement so that all participants can be immediately certain of the outcome, without any intermediary’s involvement or time loss (What are smart contracts on blockchain, 2022). They can also automate a workflow, triggering the next action when conditions are met to clearly define individual roles and responsibilities and move workflows along efficiently (What are smart contracts on blockchain, 2022). Smart contracts also have benefits for Human Resources teams, for example they may be used in the organization’s employee onboarding process to better facilitate the process which traditionally has required extensive coordination between the new employee, the finance department, the legal department, security, Human Resources and Information Technology teams. Actions may be programmed into a smart contract to ensure that all terms of the new hire contract are clear, all documents are signed, and all permissions are granted to the new employee (Phillips, 2021). Once employees complete or file documents such as security clearance or harassment training, the smart contract can immediately and automatically activate their employee status and company access, while immutably and transparently recording the data (Phillips, 2021). In addition to improving Human Resources processes including those that involve corporate and personal data, pay, benefits and rewards, smart contracts are utilized for business forecasting plans and assumptions (Phillips, 2021). Many organizations have adopted blockchain technology and are demonstrating the financial benefits to leveraging this technology across the organization.

**Gig Economy 2.0**

The increasingly tight labor market has been a roadblock for corporations in reaching their full potential. In the context of a post-pandemic world, employees are looking for more than just a nine to five job, “people have developed a new sense of awareness and worth for themselves and the world around them. This is prompting them to demand more personal value and purpose from both life and work” (Wiles, 2022). This personal value that the workforce is seeking comes from flexibility allowed by employers, and the adaptability within a professional position. In November 2021, more than 4.5 million people in the U.S. voluntarily left their jobs, and while the driver of this resignation ranged from lack of purpose to a desire for work-life balance, the talent in the workforce has been put at risk (Wiles, 2022). Rather than placing a focus on short-term reactionary solutions, organizations should focus on bringing flexibility to their employees, giving them options on how they work and what their day to day might look like.

From an employer perspective, there are two key trends that are expected to have a profound impact in the workplace of the future. First, people are living longer, today most people can expect to live into their sixties and beyond. According to 2022 data from the World Health Organization, “every country in the world is experiencing growth in both the size and the proportion of older persons in the population.” The same study notes that by 2030, 1 in 6 people
in the world will be aged 60 years or over. At this time the share of the population aged 60 years and over will increase from 1 billion in 2020 to 1.4 billion, and by 2050, “the world’s population of people aged 60 years and older will double (2.1 billion). The number of persons aged 80 years or older is expected to triple between 2020 and 2050 to reach 426 million” (World Health Organization, 2022). This puts the onus on employers to allow for flexibility among employees of an older age, as well as provide opportunities for this population. There is also an advantage for businesses to utilize their aging workforce; in fact, companies with a 10% share of older workers have an increased performance of +1.1% (Home, 2022). Research shows that the current workforce is majorly represented by millennials, perennials (+50) and parents or caregivers and they are demanding more and more flexibility when it comes to ways of working (Sigelman, 2021). Employees in these age groups could have their own side jobs, personal issues to handle like caregiving, or re-skilling training to pursue – all which may divert from a full time professional job. By offering flexible staffing options, corporations allow for a more diverse workforce (age-wise and other) as well as an increase in employee agility.

The second trend that proves the benefit to flexible staffing, is the growth of the Global Gig Economy, a free market system in which organizations and independent workers engage in short-term work arrangements. Research into this economy shows that the number of freelance workers is steadily increasing in the Western World. A study on the Global Gig Economy conducted by Brodmin found that the segment “is expected to grow from $204 billion in 2018 to $455 billion in 2023, a Compound Annual Growth Rate (CAGR) of 17.4%” (Broda, 2022). For instance, in the same study, the number of U.S. freelancers is estimated to grow from 57 to 86 million by 2027 and the United Kingdom’s gig economy workforce more than doubled from 2016-2019, as it accounts for 4.7 million people. Within today’s tight hiring market, recruitment of freelance workers is beneficial to corporations not only in finding the right type of talent, but also applying that talent to the most important areas of a company strategy.

Creating a freelance management system is a key solution to work-life balance, and the idea is to create a new contract model in which employees are able to merge the best of both worlds while tackling the needs of people and the business – creating a pool of talented individuals that feel cared for whilst they provide their expertise. This type of model has been adapted by the multinational beauty corporation, Unilever, and has been labeled the “U-Work” policy (Wittenberg-Cox, 2021). U-Work creates a new contract between employees and Unilever, and rather than having a formal job, people are employed by contract. Employees receive a guaranteed minimum monthly salary retainer, representing a proportion of their former job’s salary, along with a core set of benefits (including health care and pension contributions). In addition, on top of these minimums, they are paid on a project basis, allowing them to craft the work patterns that suit them – anything from a few days a week for a few months, to short, concentrated bursts of full-time work with breaks in-between. This policy started as a pilot in the United Kingdom in January 2020, and due to its success it has rolled out to 10 countries across the globe (Lynagh, 2022).
The future of work is not just about re-thinking how and where to work from, but when to work. By incorporating flexible contracts for employees, corporations are more likely to achieve a workplace filled with highly engaged and focused employees, faster business adaptability, and a more inclusive and diverse workforce. Up until today employment relationships have been very much binary, employees are either in an exclusive relationship with an employer and receive all the benefits that come with that like health insurance and a pension fund, or employees work in the freelance market and enjoy the flexibilities of life – yet there is no security in terms of stability of income and benefits. Research shows that employees not only need stability and compensation, but passion in their day to day work, and “not having opportunities to learn new things or find their work interesting or challenging” is a further driver of employee turnover (Field et al., 2022). By implementing flexible contracts for employees, organizations can reduce boredom-induced turnover by providing short-term projects and more opportunities for growth. By not being tied into a specific nine to five schedule daily, and giving people the ability to take on new roles and responsibilities, a freelance pool of employees becomes a wealth of opportunity for both parties.

While complexity exists as a threat to organizations of today, by embracing these recommendations companies can better prepare for the corporate world of tomorrow. Organizational resources should be thoughtfully implemented to spawn collaboration, efficiency, and simplification of work for companies of the future. Simultaneously, organizations must also address deep-rooted company culture.

Culture

The world is currently facing critical shifts in terms of how people perceive companies should respond and behave towards environmental and social issues. According to the FIT CFMM Workplace Sentiment Survey (2022), 72% of respondents agree that their company has a responsibility in making a positive social impact and addressing social issues. More than ever before, the interconnectedness of people, especially young people, through the establishment and proliferation of social media has made individual opinions accessible to the majority. This has enabled the creation of global advocacy communities whose aim is demanding accountability from public and private organizations that impact the causes they believe in. Individually people are also advocating for their own wellbeing in the face of relentless burn out. With the global pandemic, this has only been further reinforced, not only because the lives of most people became increasingly digital and work boundaries were violated, but because the causes that they care for became much more apparent.

Companies are experiencing increasing pressure to do good internally whilst giving back to society and the communities they have an impact on. This is a must for achieving financial business performance as it not only helps organizations maintain a good corporate reputation that meets today’s stakeholders expectations, but also aids in attracting and retaining top talent.
Businesses know this from even before the pandemic, in a survey from McKinsey Global in July 2019 on valuing Environmental, Social and Governance (ESG) programs, 83% of C-suite leaders and investment professionals say they expect that ESG programs will contribute more shareholder value in five years than today.

Today, organizations must act with conviction to achieve long-term, sustainable growth. In order to succeed with consumers in this interconnected and demanding context, a genuine and transparent transformation needs to start from within. A critical threat organizations are facing internally is the feeling of disenchantment and burnout amongst employees. However, there are measures organizations can take now to mitigate this threat – define its purpose, create a sense of belonging, and offer flexibility.

**Define Organizational and Personal Purpose**

Clearly defining and executing the company’s purpose is a critical step all organizations must take. Due to the social injustices and subsequent unrest the world has seen amplified during the pandemic, it is now non-negotiable for companies to take a stand on relevant social issues. The first piece of a company’s social playbook should be creating and consulting with a Leadership Advisory Board (LAB) of external and internal members that is representative of all functions, key countries and cultural views. This LAB can be used as a sounding board to ensure the stance the company takes on social issues are aligned to its values, are transparent and meaningful, and transcend any partisan discussion. Although CEOs can be the best spokesmen for companies given their proximity to all stakeholders, statements must be clearly coming from the company versus being the CEO’s personal view. Additionally, statements need to be accompanied by communication of on-going efforts in this particular social issue with clear, measurable steps. It cannot be a one-time donation or a compromise, it needs to be part of a larger and meaningful commitment.

Equally important to a company’s purpose is the quest for employees’ personal purpose; organizations must help employees to feel fulfilled personally and professionally. Companies can help to facilitate individuals’ discovery of their personal purpose by organizing off-site workshops that focus on continuing personal growth and development. By using a qualified third-party for purpose workshops, employees can feel empowered to explore what makes them happy and what their strengths are both in and outside of the workplace; organizations must stress that this is an ongoing process, not simply a one-day event. L’Oreal’s Beauty Shaker competition and award is a fantastic example of how an organization can support employees’ personal passions and development. The competition fosters social innovation via crowdsourcing where employees can propose ideas that could help consumers whilst also letting them express and live their personal purpose; ideas are not limited to the employees’ function and employees can submit ideas individually or as a team. As organizations implement these purpose-driven initiatives, it is imperative that they measure their progress, too. Key performance indicators can include yearly
tracking of reputation index, constant social media sentiment tracking, innovation crowdsourcing
contest engagement and employees’ yearly ‘pulse’ survey.

Fuel DE&I Through the 3 C’s: Care, Connect, Consider

A sense of belonging in an organization is much more than a DE&I initiative managed by
Human Resources: it is the cornerstone of successful teams of the future. Organizations should
host training programs to sensitize employees towards different cultures, aid in identifying
microaggressions and unconscious biases in the workplace, and most importantly, tackle how to
address them. Diversity on teams should be celebrated and rewarded – career advancement and
development should be equitable among employees of various cultures, backgrounds and
experiences. Protecting DE&I and creating an inclusive environment in a hybrid workplace can be
achieved in a three-pronged approach: care, connect, and consider. Organizations can demonstrate
that they care by acknowledging employees are more than just their job function; having regular
non-work related check-ins, encouraging the pursuit of mental-health and overall wellbeing, and
being flexible and adaptable towards individuals’ needs are some of the ways managers can show
they care. Nurturing trust and collaboration among employees contributes to increased
connection. Team leaders should set up regular meet-ups for casual conversations and monthly
off-site activities and team-building events to strengthen the connection between coworkers. A
useful tool to promote connection between managers and direct reports, as well as between team
members is to create a team playbook with details of everyone's personal purpose, working style,
motivations and communication preferences. Consideration and empathy go hand-in-hand in the
corporate environment. Empathizing with colleagues, respecting each other’s differences and
boundaries, and promoting continuous two-way feedback in a safe environment are techniques to
ensure diversity of thought is protected.

In the beauty industry specifically, one of the key areas of opportunity in DE&I is women
in leadership roles. Creating opportunities for women to excel in the workplace is a growing
concern that can be addressed in multiple ways, like creating a mentorship program that
intentionally pairs senior leaders (men and women) with female employees with different cultures
and ethnicities so a pipeline of prepared female talent for executive positions can be built. Other
opportunities include providing executive coaching to high potential female employees starting
from managerial positions, networking opportunities, spotlighting female employee
achievements, and incentivizing success with direct coaching from C level executives. By
focusing on women’s advancement and representation, organizations are increasing employees’
feelings of belonging. Organizations can measure employees’ sentiments of belonging through
company-wide surveys and by adding diversity goals as performance KPIs for individual leaders
that would be assessed through their team’s survey answers to the specific goals questions. I.e
‘Do you feel like you belong in the team?’, ‘Do you feel your team leader fosters inclusivity?’,
‘Do you feel heard as an individual by your team leader?’
Offer Flexibility of Time

Flexibility that supports wellbeing in the workplace is one of the most important factors new employees are considering when researching a company. The pandemic and 24/7 work from home caused a blurring of professional and personal boundaries. Leaders need to initiate the re-establishment of boundaries, lead by example, and respect and abide by the established parameters. When managers support employee well-being and companies prioritize DEI, employees are happier, less burned out, and less likely to consider leaving their jobs. In spite of all this, relatively few companies formally recognize employees who go above and beyond in these areas—and this needs to change (McKinsey, 2021). Trusting employees by allowing them to choose which days to come into the office or using a hybrid model that suits their needs will boost morale and performance. Gartner analysis has identified that employees who work remotely or on a hybrid schedule perform at equal levels compared to employees who work in the office (Wiles, 2022). However, managers believe that people who work from the office are higher performing and more likely to be promoted than people who work from home. Data also shows that in a hybrid world, women and people of color prefer to work from home compared to white men (Wiles, 2022). Given that, without intervention, gender wage gaps will widen and the degree of diversity within leadership benches will weaken. Taking a “humans first” approach to management, organizations will be better suited to establish boundaries rooted in respect and trust, and prioritize employees’ wellbeing.

A huge component of well-being is mental health, and prioritization of mental health in the workforce is at an all time low. In 2019, the World Health Organization classified burn-out as an occupational phenomenon in its latest revision of the International Classification of Diseases. Burn-out refers “specifically to phenomena in the occupational context and should not be applied to describe experiences in other areas of life,” it is not caused by one’s personal life, rather it is professional (World Health Organization, 2019). The same study defined burnout as: “a syndrome conceptualized as resulting from chronic workplace stress that has not been successfully managed,” and is characterized by three dimensions: 1) feelings of energy depletion or exhaustion, 2) increased mental distance from one’s job, or feelings of negativism or cynicism related to one's job, and 3) reduced professional efficacy. According to a “Reimagine Work” survey conducted by McKinsey, burnt out employees are less likely to engage in survey requests about said burnout, and are most likely to have already left the workforce. Out of the employees that responded to the survey, a startling 49% experienced burnout symptoms at work (Alexander et al., 2021). If not addressed, not only will organizations have trouble retaining employees, but the employees will also experience profound financial implications. Beyond the effects of burnout on the wellbeing of employees, burnout costs between $125 billion and $190 billion every year in healthcare costs, and for employers, disengaged employees cost 18% of their annual salary due to lower productivity and absenteeism (Herway, 2020). The phenomenon of professional burnout is hindering the workforce, but strategically, organizations can create a healthy environment for employees by first recognizing the issue in the first place.
Increasingly, organizations will become responsible for ensuring boundaries are based in respect, trust, and are employee-centric. Potential improvements organizations can implement in their ways of working revolve around time management both inside and outside of the office. Incorporating blocks of no meeting times: 9-10am; 12-2pm; 4-6pm; maybe even a full day of no meetings, allows employees to have dedicated focus time. Leveraging technology that will stop emails from being sent unless there is an absolute emergency outside of work hours could be extremely helpful for busy executives; for example, if a senior manager writes an email they can have a pop up that asks if they’d like to choose to send during working hours or send ASAP.

Time away from work is also beneficial for employees to reset, and come back to the office with more energy and a more productive mindset. By offering incentives to employees surrounding paid time off without creating additional stress or piling up of work, people can feel more comfortable taking a much needed break. In a 2020 Workplace Burnout Survey conducted by Deloitte, 77% of professionals said they have experienced burnout at their current job, and the number is even higher with the millennial generation, reaching 84% of surveyed employees. In the same study, half of the millennial respondents said that they have left a job specifically because of burnout (Jen Fisher, 2020). Encouraging employees to take time off, even up to 2 weeks of PTO at one time (at least once per year), can help to counteract feelings of burnout among teams. Employees should feel encouraged to take vacation time, and corporations should encourage time for rest and relaxation but also for a mental break.

Not only should utilization of paid time off be encouraged, but employees should also have the opportunity to take longer breaks from their professional positions if need be. Sabbatical leaves should become more common in an effort to increase retention and rejuvenate employees after intense projects, years, during peak social crises (i.e. pandemic), or as an incentive after a certain amount of years of loyalty to the company. To ensure equity and fairness the sabbatical would be offered based on tenure as a reward for company loyalty. An application process needs to be put into place for review and approval to ensure there is proper coverage to support business needs while employee(s) are disconnecting and recharging. We recommend a scaled approach for how much time an individual has been with the company, similar to some PTO policies. A suggestion of a scaled approach could be:

- 1 year with company: up to 2 months at 20% of pay
- 2 years with company: up to 3 months at 20% of pay
- 3-5 years with company: up to 6 months at 25% of pay
- 6-10 years with company: up to 1 year at 25% of pay
- Any extension of time will be granted up to 1 year but with 0% pay

On a similar note, the amount of time employees spend actively clocked-in at work should be modified. The 5-day, 40 hour workweek is outdated and does not capitalize on the technological advancements and efficiencies of the 21st century. The 4-day, 32 hour workweek is the future and it is clear that the positives of a 4-day workweek are endless. Working four days a
week boosts productivity and is beneficial to individuals, the environment, and the economy (Mao, 2022). The pandemic forced us to realize that we can trust our employees to work from home and more flexibly without disrupting business, therefore the way corporations measure output must change. Some countries and companies are already testing a 4-day workweek, including large-scale corporations like Microsoft in Japan, and Unilever in New Zealand – both of which have already seen positive impacts from the switch (Bateman, 2022). The UK even started a six-month pilot of the 4-day workweek at the start of 2022 across 30 companies, providing researchers and organization mentoring in order to implement the change. The implementation strategies for these corporations include: (1) shortening meetings from one hour to 30 minutes, with a maximum 5-person attendance policy. (2) The reduction of low-value work by using data and AI technology to ultimately create less hours of work needed throughout the week. (3) Offering every other Friday off, not just as a summer time benefit, but as a year round mental health perk (taking queue from L’Oreal and Unilever who took this approach during the pandemic), allowing employees to alternatively, rotate the four working days and have 50% off workers off on Friday while the other 50% will have off on Monday (Bateman, 2022). By allowing employees the flexibility to shift their working hours and behavior, employees’ performance reviews will also shift.

In order to combat burnout, corporations must allow their teams to take charge of their own schedules – giving them the flexibility and autonomy necessary to prioritize their own mental health and personal needs. Rather than measuring performance on outdated models of quick responsiveness: time spent online or in the office, companies should utilize resources available to measure employee output. For instance, when testing the 4-day workweek schedule, Unilever New Zealand worked with the University of Technology Business School in Sydney to measure qualitative results of the trial to measure output and productivity properly (Unilever PLC, 2021). If used, this type of modified schedule would need to start solely with corporate internal functions and over time could be scaled to factories. However, it is the trial and error with this type of internal culture change that can implement change at all. Without testing new tactics to increase productivity, employees will be left feeling unmotivated and seek new opportunities. However, when an employee is connected, and energized to work, they are then able to increase valuable output, adding true value to the company and increasing retention. The gatekeepers of these culture shift recommendations – the leaders — must expand their long held notions of leadership.

Leadership

As previously noted, COVID-19 gave way for introspection and catalyzed an overarching questioning of authorities and norms. This concept manifested most notably in the corporate world with the rise of employee activism, which is expected to rise over the coming years (Reitz et al., 2021). This shift has direct implications for leaders. As noted by Rashmi Bhaskar
Mukherjee, the Director of Experience Reimagination & Future of Work at Tata Consultancy Services, “The pandemic fundamentally reshaped our relationship with institutions…this reality requires a new approach from leaders. Increasingly, employees are challenging systems that have traditionally governed the workplace, such as presenteeism, hierarchical management and performance assessment.”

The Labor Movement is often recognized for catapulting the concept of employee empowerment into the mainstream. While unions had experienced a decline beginning in the 1970s (History.com Editors, 2009), unionization is back at the forefront of media. According to CNBC, there is an ongoing “union boom”. In fact, between October 2021 and March 2022, the number of union representation petitions filed increased 57% versus the prior year. Most notably in the press, the unionization initiatives have crossed various industries, impacting well known corporations, from Starbucks, to Amazon, to Google (Elias, 2022).

However, in the age of information, there are new ways of protest being utilized, particularly within the beauty industry. For example, Estee Laundry, an anonymous Instagram account, has been used to call out injustices within the industry via submissions from consumers and anonymous employees alike (Chou, 2021). To date, Estee Laundry, who recognizes itself as a “beauty collective” has nearly 200K followers and an active posting cadence.

This criticism of leadership and structure is also manifesting as accelerated turnover. According to research conducted by Culture Amp, an employee experience platform, the leading reasons workers have decided to leave their roles are lack of development opportunities (53%), leadership (28%), and individual managers (12%) (Elzinga, 2021), pointing to a direct correlation between the retention and organizational superintendence. In today’s climate, it is more critical than ever for organizations to address their leadership and structures to minimize this loss of talent by creating fluid hierarchies, fostering organizational evolution as a mentality changemaker, and re-imagining employee retention in the Great Resignation's era.

Create an Adaptive Hierarchy

According to the FIT CFMM Workplace Sentiment Survey (2022), 73% of those polled believe that more management layers stifle efficiency. Further, 39% of those surveyed feel titles and hierarchy negatively impact the flow of ideas. This implies that there is an opportunity to reassess traditional leadership hierarchies to improve organizational efficiencies and improve idea sharing across various levels of the organizational structure. This fluid hierarchy is intended to optimize speed in decision-making, without hindering employee development and opportunity.

In assessing organizational structures, there is not a one-size-fits-all approach to identifying the ideal hierarchy, however, research highlights that there is waning support for hierarchical systems that create silos. Flattening organizational structures “can accelerate decision
making by minimizing unnecessary management layers; ensuring people are clear about their roles, responsibilities, and decision rights; and empowering the front lines to make decisions within guardrails" (Kleinman et al., 2020), thereby improving agility required to operate in the modern organization. Depending on the company’s objectives and culture, the level of fluidity should vary, but there should be an openness between all levels driving trust and transparency.

Further, Helix models have the opportunity to enhance today’s organizational fluidity. The Helix model disaggregates “the traditional split of management tasks into two lines of accountability that are roughly equal in power and authority” (De Smet et al., 2020). These two lines of accountability include value creation, which “sets priorities for the business – overseeing day-to-day work, creating value and helping deliver a full and satisfying customer experience, and capabilities which “develops people and resources, set standards for working and drive functional excellence”. This model allows for both a “higher touch” development experience for the employee, plus “coaching” roles for those with leadership experience but without subject-matter expertise, and vice-versa.

Another tactic to consider is the project-based structure, which encourages workflows to be focused on tasks directly linked to specific project goals. This pivot from traditional structures that focus on day to day tasks to support the ongoing business, could ease employees’ sentiment of feeling like they are not contributing a direct impact to the business. A project-based approach has the potential to reduce boredom within a function, promote stronger networks, and transmit richer insights throughout the organization (Brown, 2021). The format of project-based work can vary, from being majority project based to being a hybrid of combining generalist “brand teams” with attributes of project based operations.

Finally undergoing radical title transformation by eliminating visible seniority, like Facebook has (Dougherty-Wold), may also promote flow and appreciation of ideas and reduce historical hierarchies within Beauty. This proposal minimizes the use of language that implies hierarchies and instead generalizes titles by function. Seniority is reflected in a numerical “level”, which is not openly discussed internally nor externally.

**Be Mentality Changemakers**

Outdated mindsets are another key territory for leadership to address. Opportunity exists to task leadership with becoming mentality changemakers within their organization, purposefully changing old mindsets and turning expectations on their head to fuel innovative thinking.

One way organizations can be mentality changemakers is addressing what research indicates to be a leadership-transparency gap. According to research conducted by Slack, “80% of
knowledge workers want to know more about how decisions are made in their organizations”. These decisions include overall business strategy (75%), business opportunities (75%), industry updates (74%), and competitor updates (71%). Further, this study highlighted an acquisition and retention factor as 87% of Slacks’ survey respondents indicated that they want their future company to be transparent (Slack). However, in a world in which transparency is key, only 38% of employees surveyed in the FIT CFMM Workplace Sentiment Survey (2022) believe that their leadership operates with it.

According to the Future Forum’s transparency playbook, organizations must first build the infrastructure that enables the flow of communication on both standard day-to-day communications as well as critical topics. For day-to-day topics, this can be achieved by creating a forum for everyday discourse, establishing venues for alternative questions or concerts, offering dedicated venues to discuss amongst themselves, and making room for topics that fall out of the scope of the business. For major organizational changes, leadership must engage and partner with a diverse employee taskforce to help draft policies, evolve the draft based on employee feedback, roll out changes through multiple formats, offer forums for feedback, and enlist employee ambassadors to help convey the rationale for the decisions. Further, organizations must ensure that transparency is a “two-way street to foster constructive communication, model mutual respect and trust.” To that end, leaders must be open to challenging conversations and focused on identifying resolutions. Lastly, transparency must be viewed as a process requiring trial-and-error to ensure long term success, so leadership teams must “commit to experimentation and continuous improvement.” (Sarasohn, 2021)

Leadership must also shift their mindset around organizational prioritization. According to Asana’s Anatomy of Work Index, 60% of knowledge workers’ work day is spent on “work about work” rather than skilled work. Further, “the average knowledge worker spends 103 hours in unnecessary meetings, 209 hours on duplicative work, and 352 hours talking about work.” This has a detrimental effect on both the employees as well as the organization. For example, 88% of those surveyed agreed that time-sensitive projects and large initiatives have fallen behind or through the cracks due to the volume of tasks they have on their plate (Asana, 2022). To address this challenge, leaders must take a radical approach to business priorities to further reduce this low-value "work about work".

Lastly, leaders should consider the approach of facilitation over dictation. In 1939, three major leadership styles were identified by psychologist Kurt Lewin: Authoritarian, Delegative, and Participative. (Burnes, 2012) Facilitative leadership is a subset of the Participative style that “is predicated on the belief that true leadership stems from each member of our team deciding to follow the leader and their proposed vision or view of the future” (Richardson, 2009). Leaders can take a facilitative leadership approach outlined by engaging in active listening, clearly communicating purpose, acting as a connector between teams and projects, and promoting cross-functional collaboration. For example, leaders can conduct frequent brainstorming sessions on
business challenges to hear the perspectives of employees across a range of backgrounds, titles, and seniority -- not only solving problems but making employees feel valued in the process (Graves, 2022).

Re-imagine Retention

As leadership plays an important role in employee retention, organizations must reconsider their approach to minimizing attrition in the workplace. According to PEW research, the top 3 reasons US employees left their jobs in 2021 was low compensation (63%), no advancement opportunities (63%), and not feeling respected at work (57%) (Parker & Horowitz, 2022). Leaders must prioritize combating these pain points to proactively address the talent crisis.

First, organizations must consider the role of compensation in rewarding loyalty. In research conducted by staffing firm Robert Half, 56% of executives acknowledged a disparity in compensation between new and existing staff members. Further, new hire salaries are, on average, 7% higher than those employed in similar roles, meaning “longtime employees are paying a secret tax for their loyalty”. To combat this retention challenge, organizations must use compensation as a proactive tool for retention. This includes increasing payroll budgets, conducting regular salary audits, improving salary transparency, implementing loyalty bonuses, and even adopting alternative forms of compensation, like travel and tuition reimbursement. Microsoft has taken this approach in 2022 by announcing salary increases and more stock grants, beginning in September, to combat loss of talent to competitors (Ito, 2022).

Second, leaders must develop talent through specialized learning pathways to prepare talent for advancement opportunities. Today, 41% of executives believe upskilling, reskilling, and mobility is one of the most important initiatives needed to transform work, yet only 17% say their workers are very ready to adapt, reskill, and assume new roles (Wellener, 2021). Further, according to HBR's 2021 article "Future Proofing your Organization", "It will be easier to teach old dogs new tricks than to find new dogs who are already trained—60% of a company’s future roles can be filled by current employees," , reinforcing the importance of upskilling as a tactic to combat attrition.

For organizations to identify the correct pathways for skill development, organizations must use both quantitative (ie. data search queries, business priorities, research on trending and future skills, and job descriptions) and qualitative (transparent conversations with employees) measures. Then leaders must structure learning pathways to optimize engagement. First, leadership must implement trainings using mixed modalities – going beyond e-learnings alone – to ensure richer learning with tactics such as “on-the-job” experiences, employee shadowing, and rotational programs. Further, while access to a wide volume of training is critical for upskilling potential, as technology and best-practices evolve quickly, recency of content trumps quantity. In
addition, diversity of providers delivering training content offers a more well-rounded learning experience. For example, there is opportunity to leverage internal subject matter experts to deliver content to their peers. Lastly, varying, “snackable” lengths can ensure training is completed amongst the balance of other business priorities (Zao-Sanders & Peake, 2022).

To better “market” these learning pathways, organizations must provide customized, relevant descriptions of what each learner will achieve through the specific learning pathway, deliver “content-level explanations”, and offer proof of the pathway’s success. For example, endorsement by business leaders and subject matter experts increase the likelihood of adoption by employees (Zao-Sanders & Peake, 2022). Furthermore, organizations must clearly link this upskilling to mobility and advancement and commit to creating those opportunities upon completion of outlined learning KPIs.

One case study is Verizon, which has been a leader in developing their talent pool. Verizon continues to evolve their professional development programs to meet the changing environment. The objective is to create a clear path to master each skill set needed and new skills to advance within the company. Employees have access to training and tools so they can expand and strengthen their skills and grow throughout their entire career with Verizon. They have their technical skills, but Verizon puts focus on creating growth opportunities through a 3-step strategy of focusing on long-term business needs, including technical, digital, and soft skills, exposing staff to different organizations across the enterprise through new job assignments, and regularly implementing new, easily accessible training experiences (Association for Financial Professionals, 2019).

Third, leaders must use recognition as a key tool in their retention strategy. According to HBR, another frequently overlooked path to retaining employees is more psychological: feeling recognized as an individual. The keys to success in this strategy are to never dismiss their ideas, not block their development, and offer frequent praise. However, it is critical to avoid associating recognition with additional power and rule-breaking privileges as it will cause organizational chaos, and has the potential to inflate the egos of the talent at hand (Martin, 2022).

The ways in which corporations need to evolve includes both tangible and intangible improvements. Culture and leadership reformations will address the intangible aspects of corporate life, while resources will address the tangible parts; however, companies should take this further and also consider the physical place of work – the environment.

Environment

The pandemic has permanently altered the workplace environment, and the employee preferences that coincide, as COVID-19 has triggered a major shift individual’s attitudes,
behaviors, and values. This change in values must be considered for organizations to adapt to the “new normal”.

There is now a greater prioritization of health, with 62% of Americans agreeing that their health is more important to them now than before the COVID-19 pandemic (Berg et al., 2022). This value shift has amplified attitudes around the office environment with new pandemic concerns. According to a PEW study in 2022, 42% of people surveyed cited fear of exposure to COVID-19 in the workplace. Although this is a decrease from 57% citing the same concern in 2020, organizations must acknowledge and address this lingering apprehension.

Time is also viewed with greater importance post-pandemic. According to Jamie Ducharne of Time Magazine, “For many people, the pandemic has kickstarted a genuinely valuable process of reevaluation—it’s been a disruption so jarring it forces introspection. The luxury of extra free time, for those who have it, can also make it easier to define and act upon values and priorities.” This value shift directly impacts perceptions around elements such as workplace efficiencies and commuting time. In fact, due to the rise of work-from-home policies since the onset of the pandemic, the average American has saved, on average, 8.6 days of time that would be otherwise spent commuting (Brantner, 2021). As various studies have attributed commuting as a key source of stress for adults (Brantner, 2021), the taste of additional free time as a result of the pandemic has heightened awareness and further fueled the re-prioritization of time.

Lastly, with increased time at home and the fears associated with the loss of loved ones due to COVID-19, there has been a reprioritization of the family. In fact, family interdependence increased significantly during the COVID-19 pandemic. Examples of such interdependence include a greater appreciation of elders, more time spent socially with family members (such as eating and chatting), and more “helping behaviors” within the family. (Greenfield et al., 2021)

In addition to these fresh perspectives, organizations must consider the additional threats to productivity stemming from the current state of the office space. As COVID-19 opened the eyes of employees to remote work, many have identified a personal preference that suits both their work and lifestyles, optimizing not only their professional efficiency but also time spent personally. According to the FIT CFMM Workplace Sentiment Survey (2022), 69% of employees feel they do their best work in a hybrid environment which offers flexibility in where they report. However, the office environment has not yet been adapted to reflect the hybrid experience, as employers haphazardly mash-up physical and remote work, coupled with inflexible flexibility policies, triggering feelings of distraction, resentfulness, and lack of trust amongst employees.

To accommodate these new values and diffuse threats, organizations must go beyond the office perks of yore, like free snacks, drinks and happy hours, to appeal to employees through their workplace environment. Instead, employers must bridge the gap between the ease of work-from-home and shift in values by better accommodating employee needs in the physical office space, enhancing the remote work capabilities, and purposefully optimizing the hybrid
experience. This practice will reduce employee turnover while optimizing their creativity, productivity, and efficiency in the space. (FIT CFMM Workplace Sentiment Survey, 2022).

As much as 37% of employees feel less emotionally safe working in a physical environment post-pandemic (FIT CFMM Workplace Sentiment Survey, 2022). To address this, the office of the future must offer the flexibility, convenience, and comfort of home to better support both physical and mental health. Organizations can better address this by appealing to new employee needs, leveraging immersive work-from-home experiences, and embracing fluidity through flexible working environments.

**Appeal to New Employee Needs**

For example, roughly 41% of adults avoided medical care during the pandemic (Shah, 2021), and physical time in the office may continue this trend as individuals adapt, organizations can offer free in-office preventative and urgent care health services to their employees, considering partnerships like Parsley health, CityMD, etc. Organizations may also consider offering both gym and meditation spaces with private shower access and promote dedicated “exercise calendar blocks” as workout schedules may have evolved due to the pandemic.

Similarly, organizations may choose to offer free errand coordination services to help better utilize employee time. This recommendation is rooted in the insight that 93% of adult employees admit to running personal errands during their work day, up 63% from 2011, with research pointing to lack of work-life balance as the biggest driver (Vangala, 2020). While some employers, such as L’Oreal, may already offer such “perks”, clear marketing and use cases are required for employees to better understand its value and utilize the service.

As commute time plays a considerable role in time “lost”, organizations may now choose to compensate employees for their travel time if they are promoting an in-person or hybrid work environment. As previously noted, the average American has saved over a week – 8.6 days – of time stuck behind the wheel driving to and from work post-pandemic (Brantner, 2021), so for employees who value time, compensation may be required to ensure retention and engagement in a physical office environment. In the EU, employers are already obligated to pay employees with no set office for their commute time as of 2016 (Sorrel, 2016). Further, as “numerous studies have found that commuting is one of the biggest sources of stress for adults”, increasing flexibility around workplace hours is critical to minimize the impact of commuting stress on employees’ mental health.

As many sought nature at the onset of the pandemic, organizations may consider renovating their spaces to include more plant life or implementing collaborations with outdoor coworking parks in order to promote deep flow work, creative inspiration, and positive collaboration. In fact, Cosmo International Fragrance, a global fragrance house, took this approach when designing Las Terrazas de Creación in Barcelona. This is a multi-sensorial space
where perfumers, evaluators, scientists and marketers can be inspired and co-create. The center is designed as a green oasis to bring the outdoors inside, with sustainable mini gardens that are filled with plants that are commonly used in their perfume. Las Terrazas was created to bring people together and create a sense of mindfulness amidst the hustle and bustle of the city. “It is the first fragrance center in the heart of Barcelona, which allows us to be on the pulse of the ever-changing consumer and the industry while creating a unique space that promotes well-being, creativity and a place for inspiration”, said Aymeric Fichard, General Manager of Cosmos International Fragrances for Spain.

Pet-friendly policies and infrastructures may also serve this purpose, helping to improve employee’s physical health, reduce stress, and enhance creativity by way of increased breaks and socialization (Petco Health and Wellness Company, 2022). A survey conducted by the pet retailer Petco found that 69% of pet parents are apprehensive about what returning to work means for their pets and nearly half of those surveyed want their employers to adopt a pet-friendly workplace. Further, 41% say they would consider switching jobs if it meant they could bring their pet to work. Many top employers, such as Amazon, Google, and Salesforce, have already implemented these policies with success.

Perhaps the most critical tactic for employers to combat the aforementioned threats is the adoption of on-site child care. Approximately 50% of working families lost access to the child care they used before the pandemic (Onsite Childcare), which disproportionately impacts working mothers. In fact, 800,000 women left the workforce between August and September 2020 due to the pandemic, and at its peak, women’s unemployment had risen by 2.9 percentage points more than men’s unemployment. (Schroeder-Saulnier, 2021). These stressors have negatively impacted the mental health of parenting employees, as 66% of working parents now meet the criteria for parental burnout, a nonclinical term that means they are so exhausted by the pressure of caring for their children, they feel they have nothing left to give (Pearson, 2022). This has the potential to both jeopardize the productivity of a large percentage of the beauty workforce, as well as increase turnover. Conversely, workplace childcare initiatives have been shown to reduce employee turnover in both women and men (Piszczak, 2018), and on-site care allows parents to concentrate better at work and more effectively balance their work and family commitments (The lasting impact of employer-sponsored child care).

An excellent case study of the success of on-site childcare initiatives lies with the Patagonia brand. After putting workplace childcare initiatives into place, Patagonia saw nearly 100% of its new moms return to work over the last half dozen years, in comparison to the average organization’s 66%. This initiative has also shown to reduce turnover in other parents, with 25% less turnover amongst parents than the general population at the Patagonia organization (Anderson, 2019). According to B.M. Anderson, “Patagonia CEO Rose Marcario has said that high-quality child care isn’t “as expensive as you’d think.” She pointed first to tax benefits, which allow the company to recoup about 30% of the net cost of the child care programs. Patagonia figures it reaps benefits that cover about 71% of the costs they’re left with after tuition payments.
from employees. Rose has also noted that JPMorgan Chase calculated a 115% return on its child
care investment and KPMG figured its clients received a 125% return on their daycare programs.”
(Anderson, 2019)

Furthermore, organizations may also look to personalized ergonomic office furniture,
localized temperature controls, and additional tech accommodations to reflect a more
comfortable, customized in-office working experience and feel “at home”.

Leverage the Metaverse

There is great opportunity for employers to build out a space within the emerging
metaverse and Web3 to create an immersive work-from-home experience to optimize virtual
collaboration and prevent employees from missing out on the physical “facetime” and “water
cooler” conversations to mitigate the collaboration and productivity, trust, and performance
related fears of many employers.

According to research, these concerns are valid. According to A. Cohen, “people working
from home full-time spent 37% less time collaborating with colleagues than before the onset of
the pandemic.” Further, 40% of the 215 supervisors and managers in a Harvard Business Review
study on remote work expressed low self-confidence in their ability to manage workers remotely,
which impacts their perceptions of employee performance. In fact, 38% of managers surveyed
believe that remote workers usually perform worse than those who work in an office and 41% of
those surveyed are skeptical as to whether remote workers can stay motivated in the long term
(Parker et al., 2021).

Organizations may use the metaverse to quell collaboration and performance oriented
concerns about remote work in a novel way. “This creates a work where you could have a bench
side conversation with your colleagues, take meeting notes while floating around a space station,
or teleport from your office in London to New York” (Purdy, 2022).

For example, 3D realistic avatars, shared environments, and eventually virtual objects to
enhance remote collaboration and create a richer creative experience (Meta, 2022). Imagine
engaging with 3D, tactile product design amongst colleagues from the comfort of one's home, far
before the product is produced.

Fully customizable and portable workstations will also improve remote productivity, with
both tactical tools and adapted environments. “VR and AR technologies will allow you to take
your perfect desktop setup with you, wherever you go. That means multiple virtual screens,
arranged just how you like them. A virtual keyboard that you summon as needed. Alerts and
notifications; on or off. For designers, artists, coders and many others working with multiple
screens and a complex dashboard of tools, the benefits here are huge. We'll be able to create and
enter new VR and AR spaces that are optimized for various kinds of tasks. Want to focus and go
deep on a creative project? There's a VR room for that. Want to brainstorm with the team, and need to generate creative energy? Use AR to add dynamic digital elements to the workaday conference room you’ve been assigned” (Meta, 2022).

Training may also be enhanced by adopting the metaverse. “If you’re onboarding 10 new colleagues and show or give them a PDF document to introduce the company, they will lose concentration after 10 minutes. What we do instead is have them walk along a 3-D hall or gallery, with 20 interactive stands, where they can explore the company. You make them want to walk the virtual hall, not read a document” (Purdy, 2022). Technology consultancy Accenture leveraged this approach to train their 45,000 new employees during the pandemic. The organization put human connection at the heart of the experience, setting up a three-dimensional “virtual campus” in order to immersively integrate new talent at scale (Stone, 2022).

Further, “metaverse mentorships” offer hands-on training from experts anywhere in the world. According to Meta, “Trainee surgeons from across the world will stand with a leading heart surgeon as she operates. Architects will look through AR glasses at a 3D model that floats above their desk, while their teacher – thousands of miles away – talks them through the key design principles. Customer service representatives will come together in VR to roleplay scenes, and take detailed feedback on body language and other emotional cues.” Virtual reality training is already being utilized by leading firms across different industries. With the objective of training green retail employees for a chaotic Black Friday sale, Walmart “developed a VR training that immerses users into many real-life situations that occur during Black Fridays. They learn how to handle issues in a safe digital space and are already prepared when real situations take place” (Tereshchuk, 2022). American Airlines also leveraged VR for training of cabin crew by creating a simulated environment in which flight attendants experience working on an aircraft before they take off on any flight (Tereshchuk, 2022). Lastly, according to Tereshchuk, Volkswagen “prepared 30 VR training experiences for employees to cover everything from vehicle assembly, new team member training, and customer service. Their goal was to educate employees across multiple brands and create a more efficient workflow and training pace.”

The metaverse is also a unique way to ensure visibility across organizations, especially for women and people of color. “In the 2020s, traditional organizational cultures are changing. Now more than ever, leaders are aware of the need to break down old barriers between staff, and listen to a diversity of voices. Shared metaversal spaces, and the opportunities they offer to bring people together in new ways, will play a crucial role in this shift” (Meta, 2022).

One huge caveat to this emerging technology is the knowledge gap for leadership. As managers do not feel confident in their abilities to manage remote employees (Parker et al., 2021), organizations implementing Web3 and metaversal workplace strategies must offer comprehensive leadership trainings specifically on how to manage teams in this new environment to not only ensure engagement and performance, but improve confidence in their own abilities as managers, as well.
**Embrace Fluidity**

While some organizations have integrated flexibility models that reflect their organizations needs, many have struggled to organically adapt their workplace environments post-COVID, merging old ways of working with inflexible flexibility policies. To flourish in this new age, employers must now intentionally adapt their physical environments and associated meeting planning tools for the future of flexible, hybrid work to optimize productivity and promote deep-flow.

It is clear that such policies drive employee interest. One case study for such best practice is AirBnB. In April 2022, the organization announced a flexibility policy update, allowing for employees to live and work anywhere in the world in order to remain aligned with their brand values and optimize retention in the post-COVID environment. Now, AirBnB employees can choose to work from their office or remotely, anywhere in their country of residence indefinitely or up to 90 days from outside of their country of residence, with no impact to compensation (Airbnb Newsroom, 2022). This announcement drew in 800,000 visits to their careers page following the change in policy, reinforcing the interest from prospective employees in these newer flexibility models (Tan, 2022).

Conversely, examples such as Goldman Sachs, exemplify the rigidity of yore. As a part of the banking organization’s return-to-office plan, leadership electronically monitors employee attendance. In an interview, an anonymous employee stated, “If you are not in more than three to four times a week, you will receive a call from business unit leaders to remind you to expect to be in the office.” Further, employees are confined to specific arrival hours between 8AM or 10AM for their attendance to qualify (Reed Alexander, 2022).

However, employees who work (by choice or obligation) from an office are met with challenges relating to the inefficiencies related to this new age of work. "‘For a hybrid strategy to work well, companies need to be intentional about how and why people are going back to in-person work,’ said Lauren Mason, senior consultant for the career business at Mercer, a management consulting firm. Right now, many firms are overlooking that in the rush to reopen offices. ‘When people are coming back and they're still focused on video calls, it further creates frustration and resentment toward having to return to offices.’” Further, challenges arise when multiple team members must take hybrid meetings from a shared location, causing echoing, distraction, and disorientation. “They’re trying to push for us to go back to the office, but it’s a financial and mental strain,” she said. “And there’s still no actual communication in person.” (Ballentine & McNeely, 2022)

To more purposefully design offices for the future, organizations may consider downsizing and implement hotel seating to support the fluidity of employee preferences while managing office space constraints. Employers can balance the allocation of desks based on natural
employee behaviors, removing permanent desks for employees of all seniority whose weekly office visits fall below a defined threshold. This practice may also minimize hierarchy related to desk real estate. In addition to hotel seating, some organizations are experimenting with implementing office “hubs” that are closer to employee residences. An example of this is the Nordic Beauty Company, a small Netherlands based company, that has moved to offering these small office “hubs” for employee convenience, rather than forcing teams to return to a large headquarters. With this strategy, employees can experience greater flexibility in their schedules, in-person collaboration, and a shorter commute time (Business Development Manager at Nordic Beauty, personal communication, April 29, 2022).

Additionally, it offers a financial benefit to organizations by helping to reduce fixed and overhead costs. According to James & Asker, “Depending on how aggressive organizations are with these and other considerations, our experience shows that they may find it possible to reduce real estate and facilities costs by 10% to more than 20%.”

As acoustics pose such a challenge for employees, it is in the best interest of organizations to implement sound-proofing solutions to minimize distractions associated with multiple virtual meetings occurring in a shared space. This may include abandoning open-floor plans, creating work “pods”, and truly soundproof audio equipment. As courtesy is another layer of this challenge, organizations must also enact new “anti-disruption policies” to set a new etiquette against interruption.

Lastly, it is crucial that organizations implement tools to better utilize employees' time in the office. Returning employees must first feel like the environment they are working in offers convenience. Perhaps this may be through utilizing technology to automatically reserve a room and notify in-person attendees when there is an opportunity for participants to meet in a physical environment. Additionally, AI technologies can be leveraged to more effectively plan how that time is spent. For instance, adopting software to analyze employees’ calendars and recommend the most beneficial days and times to be present in person, or solutions that indicate the days in which fellow team members are most likely to visit the office.

Whether the environment is physical, virtual, or a combination of the two, corporations must be open to embracing change and listening to employees’ needs. Leveraging technological advancements, especially in regards to the way employees and leaders foster a team environment, is an absolute necessity for the evolution of companies.

**CONCLUSION**

The beauty industry operates within a multi-channel, multi-device, and multi-platform world, which drives consumers to be constantly exposed to new products, brands, and information. As a result, beauty companies’ must act accordingly, not only acknowledging the changes fueled by the COVID-19 global pandemic, but also reacting to the fast innovation and a
saturated competitive market. Modernization of traditional ways of working and corporate norms is critical for the continued success of corporations. In doing so, organizations will be better suited to compete and drive profit in what has become a volatile, uncertain global marketplace where the consumer experience is ever-evolving.

Beauty’s Great Reformation will impact the future of working for all stakeholders. Consumers, investors, resources, culture, leadership, and environment must be integrated, interconnected and interdependent for the future to be successful. The circle model is a network, and the ability to form, grow, and work together as a network has never been more essential. In order for the future of corporations to be successful corporations must remember that employees are human beings with a well-being to prioritize. As such, the ultimate goal for a successful beauty company of the future will be to reform existing out-dated ideals and practices, and replace them with a human-centered approach.

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Employees are returning to office post-covid just to sit on zoom calls


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APPENDIX

FIT CFMM 2022 Survey Data
1. FIT CFMM Leadership Hot Topics Survey
2. FIT CFMM Workplace Sentiment Survey
3. FIT CFMM Undergraduate Hopes & Expectations Survey