Q&A

Caroline Pill discusses the state of luxury recruiting

September 12, 2017

Caroline Pill is vice president of executive recruiter Kirk Palmer Associates

By Marie Driscoll

With retail under siege in the United States and parts of Europe and Asia, and the pillars of traditional luxury strategies in question, a conversation with Caroline Pill, vice president of executive recruiter Kirk Palmer Associates, was in order. She has her finger in the wind.

Ms. Pill heads up Kirk Palmer Associates' London office, where she specializes in senior management searches across the fashion and luxury industry, with a particular focus on cross-border assignments across Europe and the U.S. Her area of expertise spans the C-suite, marketing, retail, ecommerce and merchandising roles for leading global luxury brands.

What follows is a conversation as the luxury business goes through the motions of yet another fall fashion season amid larger ructions over evolving consumer consumption patterns, the intensifying war for talent and the ability of storied brands to adapt.

How has the luxury market evolved over the last few years and what are some of the challenges facing the luxury goods industry?

Over the last few years, we have observed three main elements challenging the luxury goods industry and contributing to its evolution and related challenges.

The first and most obvious is the changing global economic climate.

Not only has the luxury industry had to adapt to challenges with exchange rates, regional disruption has also played an important role with luxury consumers in countries like China and Russia. They have changed their spending behaviors due to new policies and rules, such as China's new anti-corruption policies.

The digital revolution and a "new" consumer is another challenge.

Technological innovation has spurred savvier consumers that know what they want, compares before buying, knows where to buy and aren't easily fooled into purchasing.

Luxury goods companies have had to change their approach from selling to telling a story and, in turn, adapt their message to creating desire, knowing that consumers can look it up online and have many options.

The consumer has also changed, with millennials weighing the experiences associated with purchase over the item itself.

Logos and bling aren't enough to inspire a purchase anymore. The so-called experience economy has had a huge impact, redefining the notion of luxury.

Luxury customers are inundated by choice and are looking for an emotional connection to the brand. This can go from an in-store experience with a great salesperson to fashion show access or other exclusive activities they could not get by themselves.

For this reason, storytelling has become incredibly important.

Further, the same story and experience needs to be integrated both online and in-store to create a credible and seamless omnichannel experience.

New business models like Uber and Airbnb have also changed expectations for how online and physical experiences connect.

How have these trends in luxury affected staffing/retaining talent?

First, companies must make sure employees are in tune with what is going on in the industry.

Companies with rotation programs around regions and functions are highly sought after.

Offering further education/management courses for personal development is also an efficient tool.

Additionally, companies also need to attract and retain employees within the younger millennial generation, which can be challenging at times because they tend to be less loyal than previous generations and searching for different employment and lifestyle experiences.

Luxury houses must make it clear to potential employees that they are a part of the bigger picture and create a sense of belonging.

Millennials are seeking more than a paycheck. In that context, charity affiliations and sustainability policies have become great ways to engage the employee community as a whole.

In today's retail environment, why is it more important today for luxury brands to retain talent?

By retaining talent, you are retaining the memory of the brand.

Employees who stay with a company have seen the brand change over time, and understand the history. It's useful to be able to tap into these people to educate others on what has and hasn't worked before, contribute to the voice of the brand, and be part its evolution.

Brands that aren't able to retain talent will find themselves reinventing the wheel, which can result in lost time and resources, and confusion surrounding a brand's story and heritage.

What brands are staffing/retaining talent well and who has struggled and why?
The most successful companies attracting and retaining talent are the ones that continue to develop their employees, both personally and professionally.

People need to feel valued beyond an attractive financial package and feel that there is room for them to grow within the company.

A strong sense of culture and community are key elements which greatly impact employees' loyalty.

LVMH and Kering have a reputation for attracting some of the top luxury talent in the world, and they remain on top because of their creative approach and effective strategies for engaging with their staff as well as consumers. In America, Coach is a great example of this.

Brands that struggle to retain talent largely do not understand these evolving expectations by consumers and employees in the new retail environment.

At the end of the day, a brand's success greatly depends on the leaders and the teamwork amongst senior players where skills are complementary rather than competitive.

What are some of the challenges for luxury brands hiring in Europe? How is that different than in the U.S., or is it?
Strong talent will always be in high demand and will often have multiple offers to choose from simultaneously, both in the U.S. and Europe.

In the U.K., uncertainty around legislation for Europeans and Americans that want to live and work here has had an impact, as have exchange rates and the political climate since Brexit.

London has historically been one of the most desirable destinations for senior executives to live and work, but right now, there is hesitation due to the uncertainty around work permits and other requirements for Europeans.

On the other hand, Paris is seeing renewed energy and becoming popular again despite the language barrier.

As a whole, Europe, especially Paris and Milan, will likely always be favored as they are incontestably the world's luxury centers for senior executives who rightfully feel these cities provide the richest learning opportunities and where they can make the greatest impact.

The U.S. is enjoying great momentum right now because they are not suffering from the same challenges and, traditionally, U.S.-based luxury brands have been more aggressive in terms of attracting the right talent.

There has been a tendency on both the creative and senior management side to appoint Europeans in the top roles, which still holds true with the recent appointments of Alessandro Bogliolo at Tiffany, Patrice Louvet at Ralph Lauren and Jonathan Saunders at JW Andersen, to name a few.

What lessons can others sectors learn from the luxury market and what can the luxury market learn from other industries?
Two elements that really define what is attractive to talent in the luxury sector are the strength of the brand's heritage, its DNA, and the craftsmanship of products. Also, talent has traditionally stayed quite loyal within the luxury industry.

Interestingly, there has been crossover between industries which historically have remained quite siloed. One reason is the stringent non-competes imposed within each sector which can hold executives captive for up to a year, delaying plans for change. This factor has encouraged both companies and talent to look outside their industry.

The beauty and tech sectors, in particular, have been of interest for the luxury sector as they are often viewed as the more innovative industries, bringing skills from a marketing and storytelling culture that appeal to luxury companies.

Beauty executives bring a different level of sophistication around branding, storytelling and experiential customer centricity. They are often viewed as more creative with fresh eyes that can outweigh specific industry experience. Examples include Patrice Louvet who moved from P&G [Procter & Gamble Co.] to Ralph Lauren, and Ian Rogers who moved from Apple to LVMH.

How important is data analytics in discussions for executive hires in the luxury sector?
Having a strong grasp on data analytics is essential. Without it, brands don't understand their customers. If they don't know who their customer is, they're essentially operating blind and just hoping to provide customers with what they need and want.

At the end of day, to effectively target your customers, you must know them, and that comes down to being able to accurately analyze and interpret data.

In this context, Inditex has been masterful in terms of giving their consumer what they want in the shortest delay. Their model has been unparalleled and is an example for the other industry players.

This is especially relevant in the U.S. where the wholesale model has slowly been replaced by the direct-to-consumer model and the middleman has been eliminated.

Without an understanding of data, how do you leverage your consumer insights? How do you create product that is relevant and in line with the wants of the new consumer, who is savvy and often over-solicited, especially online?

What skillsets and experiences are luxury brands looking for?
Today, more than ever, it's important to have a charismatic leader who is able to bring a strategy and a dream to life.

Brands need a leader who will take people, employees and customers alike, on a journey so that they feel engaged and part of the success story.

Brands need someone who's committed, can roll up their sleeves and get to work, instead of someone who lives in an ivory tower.

Teams need an orchestra conductor who knows how to play all the instruments, although they don't have to be expert at playing them.

Further, it is important for the new CEO to lead on strategic vision but also know his or her limitations and delegate to experts.

As we have seen especially with first-time CEOs, their areas of expertise can vary and it is important to be surrounded by people who complement their skills.

As mentioned earlier with regards to data, executives should know financials and data analytics as well as their consumers, both existing and potential. Data, data, data – brands need talent who form their strategy based on hard facts.

Leaders need to be agile and capable of selling a dream all stakeholders can participate in.

Much like consumers, employees care more about experiences and being part of something meaningful.

A great CEO will take employees on a journey and help them feel part of something bigger, be respectful, responsive and inclusive. They give people room to develop and grow.

Caroline, your insights into the needs of the luxury C-Suite are invaluable. Thank you so much.

Marie Driscoll is CEO of Driscoll Advisors

Marie Driscoll is New York-based director for apparel retailers at Creditntell. She is also principal of Driscoll Advisors. Reach her at maried@creditntell.com.