

WWD

Fashion. Beauty. Business.



Lampert Wins

Whatever happens to the struggling Sears Holdings, Eddie Lampert will come out ahead.

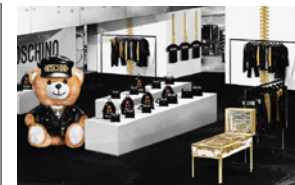
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Experience Matters

Osman Yousefzada unveils a flagship in a town house in London that mixes art and commerce.

Page 5



Moschino Moves

The Italian brand is setting up a pop-up in Printemps as it gets ready to reveal a new store concept in Paris later this year.

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Blue Period

Fall accessories take on a painterly hue, with Nebulas Blue among Pantone's top 10 colors of the season. Here, Want Les Essentiels' shoulder bag with Mansur Gavriel's bucket bag and shoe.
For more on the trend, see pages 12 and 13.

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BUSINESS

Stores Go Out of The Box

- Department stores are gambling on talent from other sectors to revive their businesses.

BY DAVID MOIN

Striving to revive their businesses, department store companies are increasingly looking outside the box to bolster their top executive ranks.

A recent spate of hires of key executives from pharmacies, consumer products, specialty chains, tech firms and vendors shows how department stores are scurrying to inject new thinking. It's a gamble, but there's good reason for it: Bench strength is lacking. Talent isn't being groomed to the degree it once was and there's a compelling need for different perspectives, and fresh eyes and ears to reinvigorate an old retail format that continues to consolidate.

"Department stores are looking at

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BUSINESS

Retailers Shrug Off Strikes In France

- A series of walkouts and protests over French President Emmanuel Macron's sweeping labor reforms has yet to dent retail sentiment.

BY MIMOSA SPENCER

PARIS — As French President Emmanuel Macron spends a few days in Washington, D.C., on the first official state visit of the Trump administration, he's battling a spring of discontent back home.

On Monday night, Macron had a private dinner at Mount Vernon with President Trump and First Lady Melania, which will be followed by a state dinner on Tuesday and a speech to a joint session of Congress on Wednesday. Meanwhile, in France, railway workers to garbage collectors continue to protest sweeping labor reforms he is trying to implement.

But the nation's retailers, accustomed to a challenging environment, appear to be taking all the disruption in stride.

"We don't have the figures yet, but what I can tell you is that the strikes are having less of an impact today than in past

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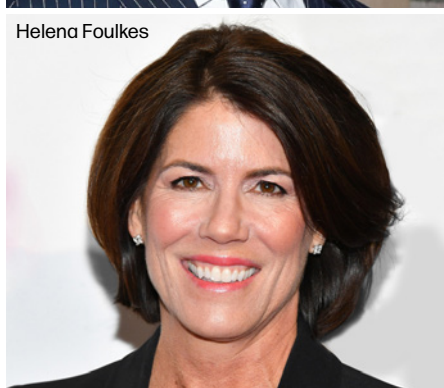
Stores Go Out of the Box

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candidates who can handle complexity, provide strategic insights, digital skills, customer-centricity and operational improvements and they're finding track records of success more frequently in other business models," observed Jaimee Marshall, executive vice president at Kirk Palmer Associates. "The feeling is, if the talent existed in their own businesses, they would be seeing more innovation."

Among those seeking to reinvent the format are:

- Helena Foulkes, chief executive officer of the Hudson's Bay Co. and former president of CVS Pharmacy.
- Geoffroy van Raemdonck, ceo of



the Neiman Marcus Group and formerly Ralph Lauren's group president for Europe, Middle East and Africa and earlier a Louis Vuitton regional president.

- Michelle Gass, who becomes ceo of Kohl's Corp. in May. She joined Kohl's as chief customer officer in 2013 and earlier spent 16 years in senior roles at Starbucks.

- Hal Lawton, president of Macy's, who was a senior vice president at eBay North America and earlier worked at Home Depot and McKinsey & Co.

- Marvin Ellison, ceo of J.C. Penney, and formerly executive vice president of Home Depot's U.S. stores, and earlier at Target in operational roles.

- Lisa Harper, ceo of Belk, formerly ceo of Hot Topic; with the bulk of her career being specialty retail, with some time spent at the defunct Mervyn's.

- Brian Cornell, chairman and ceo of Target since 2014, previously ceo of Michaels, PepsiCo Americas Foods and Sam's Club.

"Brian Cornell is an interesting one," said Arthur Martinez, former executive chairman of Abercrombie & Fitch and ceo of Sears, noting that when he was on the PepsiCo board, he was involved in recruiting Cornell back to the company as head of PepsiCo Americas Foods, after an earlier stint. "We saw in Brian the qualities, the kind of energy, intellect, peripheral vision, strategic thinking that would make him a good ceo. He went to Target when the opportunity was presented to him, but there is nothing about his experience that is disqualifying to do that job. He has learned some things, but who doesn't have to learn some new things when they move into a new job in a new company, or a new industry for that matter?"

"The connection with consumers is consistent across all of these examples that you stake out," Martinez added. "All these people were in businesses that connect directly with consumers, whether it's CVS, PepsiCo or P&G. It's not like you are hiring a U.S. Steel executive to come in and run a retail company." The hiring trend, said Martinez, "Clearly to me has merit to it."

Not everybody agrees. "Almost without exception, I would never hire a ceo of a merchandise company that was an operating officer," said Allen Questrom, former J.C. Penney's, Macy's, Barneys New York and Neiman's ceo. "I have not seen it succeed very often in my past. Is that going to change in the future? Maybe. Brick-and-mortar businesses need to be made aware that if you can't make it exciting, with more exclusivity, you are not going to make it, period. You have to recognize who is doing well in brick-and-mortar and why. Look at Zara, they've got good prices, exciting merchandising and it's always changing. Take Selfridges in downtown London. They have the best-looking men's store I've seen in 20 years. The salespeople look great. They have great-looking shops, unique assortments and products that aren't easy to get on the Internet. Merchandising is about hope and vision for the future. You have to have somebody who thinks forward and takes chances."

"When stores were successful, they were exciting because they were run by creative merchants with a passion for their business. They had vision. Think of Stanley Marcus, Dorothy Shavers, Geraldine Stutz," said Joseph Cicio, retail consultant, and a former senior executive vice president and director of creative resources at Macy's Inc.

"Today, more than ever, a store needs to be a source of entertainment, a real attraction to draw traffic," Cicio said. "It's just too easy today for people to shop elsewhere. The only way brick-and-mortar can succeed is if they have a partnered management team that is led by a creative, instinctive merchant," with strong financial and operations support. "Creative merchants will take risks. They



will try things. They will experiment. They will search it out if they need to. But the reality is that if you are in the business of retail then people with non-merchandising talents in truth shouldn't be the number-one leader in the company. They're not likely to take risks. It's all numbers to them. They expect instant gratification. That is not retail."

Eyebrows were raised last February when Richard Baker, executive chairman and governor of the Hudson's Bay Co., picked Foulkes of CVS to be ceo of HBC. She will be challenged to lift HBC's struggling Lord & Taylor, Gilt, Saks Off 5th and Kaufhof businesses, and to sustain HBC's track record of monetizing its real estate for acquisitions and managing debt.

"Helena is a transformational leader who will invigorate the business with a new perspective as we position HBC for the future," Baker said at the time. "Throughout her 25-year tenure in retail, she has a proven track record of making bold, strategic choices that, at their core, put the customer first and have proven enormously impactful to business success." As president of \$80 billion, 9,700-unit CVS Pharmacy chain, she kicked tobacco to the curb and took on airbrushing in beauty ads.

Just last week, Bari Harlam, who for 13 years worked with Foulkes at CVS and had stints at BJ's Wholesale Club, Swipely and CVS Health, became chief marketing officer for HBC's North America operations — another out-of-the-box hire.

Van Raemdonck, ceo of the Neiman Marcus Group since February, never ran a big retail chain before, though he's got experience on the vendor side, navigating luxury businesses through troubled waters. He redirected Ralph Lauren's distribution in Europe, Middle East and Africa, and earlier was one of the teams that helped get Louis Vuitton through the Great Recession, holding senior-level jobs in South Europe and North America.

In a recent WWD interview, van Raemdonck said he intended to "relentlessly build a bold innovation agenda and testing agenda" at Neiman's and encourage everybody in the company, regardless of the job, to offer ideas on how to innovate the business.

With Gass ascending at Kohl's, there are great expectations there. She's been instrumental in driving the retailer's long-term strategic framework called the "Greatness Agenda" and she's led the focus on the active and wellness categories and the partnership with Under Armour, launched a new loyalty program, and is credited with instigating testing grocery discounter Aldi and Amazon pickups in a handful of stores. A year ago she recruited Greg Revelle as chief

marketing officer, formerly with Best Buy Co. Inc. where he led efforts to redefine brand positioning and customer strategy, including a shift to digital and personalized customer communications.

"The new department store executives are closer to the consumer, and bring expertise and focus to help department stores close this gap," said Stu Leibach, principal consultant, retail/consumers products, at McDermott & Bull. "Helena Foulkes from CVS and Hal Lawton from eBay, for example, while coming from outside the industry in prior roles, understood their core consumers and stayed in their lanes to clearly define their brands."

The new transformers, Leibach suggested, "realize the organizational structures of big department stores have been slow to evolve and keep up with the market. These executives have seen how flatter, more agile and nimbler organizations have the competitive advantage of speed. Gen Z and Millennial consumers demand an experience that is customized. To teach and reengage with consumers these new executives bring the obsession necessary to react quickly. Leveraging technology and digital marketing to drive consumer behavior is a sweet spot for many of them. Experiential retail, personalization and AI are here to stay and while new technology brings promise, these leaders have led technology throughout their organizations to actually impact customer behavior."

Still, outsiders don't have a great track record at department stores. Naysayers cite Edward Lampert at the slowly diminishing Sears Holdings; Ron Johnson, whose reinvention plan at J.C. Penney's nearly killed the company; Glenn Murphy, a drug store executive from Canada who financially re-engineered Gap Inc. but never revived the Gap brand, and Paul Pressler, a Disney executive who preceded Murphy at Gap Inc. and did little to improve the business.

There are a few exceptions: Stephen Sadove, a Clairol and Bristol-Myers Squibb executive, successfully sold Saks Fifth Avenue to HBC, and Martinez, an RCA Records executive and Saks chief financial officer, stabilized Sears as ceo during the Nineties and years later came out of retirement to do the same at Abercrombie & Fitch.

"This business is not so technical. To me, most importantly, it's a people business," said Michael Gould, the former ceo and chairman of Bloomingdale's. "If you're struggling to find the right formula or the way out of the woods, find some bright people, who are people-oriented and strategic. Going out of the box with someone who could bring something from a different industry to reconceptualize the business....I don't have a problem with it."