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What skills do retail leaders need today?

By Emily Sutherland

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Challenging times require strong leadership. Nowhere is this more true than on the UK high street, where fashion bosses are battling a sluggish economy and shaky consumer confidence in an ever-changing retail industry.

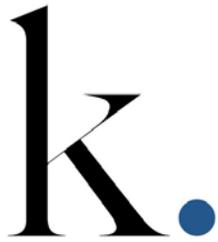
A good retail leader must be able to develop a strong, effective strategy to steer through the potentially murky waters ahead, keep shareholders happy and inspire their teams, even amid an atmosphere of doom and gloom. Today's retail chief executives are having to make tough decisions and do more with considerably less, as budgets shrink and costs are cut.

Paul Martin, UK head of retail at professional services firm KPMG, warns that the retail sector is facing a lack of good leadership: "Many leaders are struggling to adapt to new business models and don't know how to navigate the retail industry of the future.

"Of course, there are those out there doing a great job, but there is also a proportion now trying to fix problems that they helped to create."

As the retail industry changes, so too does the make-up of retail bosses. Fashion has already flirted with making senior hires from outside the industry: Marks & Spencer recruited former Halfords CEO Jill McDonald as managing director for clothing, home and beauty, and House of Fraser chief executive Alex Williamson came from the Goodwood leisure attraction. The skills and leadership qualities once associated with the technology industry are also becoming increasingly relevant to retail. "My background in tech has been very useful, both in terms of how we use data, but also the way we build teams," explains Nicolaj Reffstrup, a former technology entrepreneur and current CEO of Danish fashion brand Ganni. "We apply principles that started in tech, such as hiring talent before job transcription and having a very flat hierarchy, which forces you to become a dynamic, independent organisation."

In an industry that never stands still, the qualities that make a successful leader are always changing. The next generation of retail bosses will need a host of new skills to stay ahead, and will have to find new ways to inspire their workforces. Drapers asks industry experts what the retail chief executives, managing directors and leaders of the future will look like.



Darren Topp, former LK Bennett and BHSchief executive, current chairman of Retail Executives

The first thing to say is that what we've needed in the past 30 years of retail is not what we will need in the future. Retail leaders of the future will need to be a champion of the customer – that's always been the case to some extent, but it will become even more important. It needs to be someone hard-wired to understand customers' behaviour and mindset.

Increasingly, the retail CEO is going to be someone who understands data, knows how to read it, apply it and can think about it in the context of the customer. Retailers now have so much information they risk being data blind, and the real challenge is being able to make that data actionable and deliver results.

This individual is also likely to be someone who has been exposed to different parts of a business. If we look at today's retail CEOs, many have come from the operational route, from finance, or from buying and merchandising. Businesses will start to look for someone who can cut across different functions. The leadership skills piece will also start to become even more critical.

Traditionally, many chief executives will have led from the front and acted like they had all the answers. Tomorrow's leader will recognise that not only do they not know all the answers, they probably don't know all the questions. What they will have to do is be a driver of change and surround themselves with people who recognise both the questions and the answers.

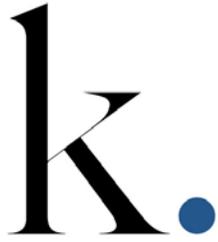
We're also likely to see more CVs from candidates who have worked in different industries. Many of the skills required in senior leadership are clearly transferable – you don't have to have been a buying or merchandising director for 20 years to make it as a successful CEO.

Caroline Pill, vice-president, global executive search, Kirk Palmer Associates

The ability to adapt and not resist change will be extremely important. What a store meant 20 years ago is very different to what stores mean today. Consumers now expect more than just product and the future retail CEO will have to understand that.

The right experience and culture will be key. Leaders can be great in one context and fail miserably in another. Sometimes we see chief executives being appointed who don't have any experience in a particular industry or role and I think, generally, experience is underrated – it remains a key factor to success. Of course, out-of-the-box hires can be successful, but it requires a hunger to learn and not impose. A retail CEO needs to be able to gain credibility immediately, but that doesn't mean you shouldn't listen to your employees, who are often also your consumers.

The future retail leader will still need to be someone with gravitas, who is trusted implicitly. It needs to be someone who makes their team feel that if they have the right argument, they can push back and have a say in the business and how it is run. However, it is a balancing act, because those leaders who aren't able to present and execute a strong vision don't tend to be successful.



Regardless of their background, once someone takes a leadership role in this industry, it needs to become their whole world. It's about knowing your brand intimately and gaining a strong sense of the competition and overall landscape. Living in an ivory tower doesn't work.

Alka Gandhi, head of retail practice, Berwick Partners

The explosion of digital and the soaring expectations of consumers require a more digital and data-savvy leader at the helm. Retailers need individuals that can track and anticipate the customer – recognising how and where to satisfy their needs through data and analytics. Future leaders will need to possess a blend of functional experiences, but in particular be comfortable operating in a big data, multi-channel and international business culture.

Effective communication, both externally and internally, is also a necessity for the new generation of retail leaders. Employees must understand the company vision and, more importantly, buy into it. Tomorrow's workforce will not follow a job title.

Too often, we have seen leaders change their strategy too late in the game. The pace of change in retail will demand a more agile leader who can adapt quickly and make decisions in real time. The new leaders will be proactive not reactive, with a constant eye on the road ahead.

The new style of leadership must first and foremost be collaborative, as the command and control style and the era of the big ego is dead. Leaders can no longer rely on their job title alone to foster respect or support. It has to be earned through actions and not words. As a result, we expect an increase in inclusive decision-making, which requires a high degree of self-awareness from individuals. They will need to understand their strengths and weaknesses, as well as be willing to listen.

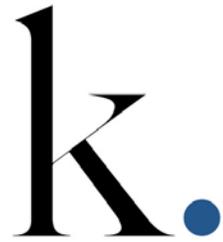
Leaders are also becoming much more visible and accessible to employees and consumers. The modern generation of these audiences respond to a more human approach, and technology will help leaders engage more effectively, updating them in real time.

Senior leaders are recognising that they are not only role models within their organisations, where they impact the well-being of their employees, but also in wider society. For the new breed of leaders, the key to success lies in understanding that business results and social responsibility are interwoven.

Harveen Gill, managing director, HGA Group

Retailers will need someone who can take a fresh approach to international markets. It was very interesting to hear Theresa May talk about partnering with Africa on her recent trip to South Africa, and retail leaders will need to be reactive to whatever opportunities Brexit brings.

We're still seeing that push and pull between hiring outside of the industry and those with proven experience – House of Fraser CEO Alex Williamson, for example, comes from outside fashion, but it was interesting to see Fiona Lambert, someone with a very strong track record, joining River Island [as managing director of new business development in June].



What will become more important is cross-functional leadership across different departments. There isn't a set blueprint for organisations in terms of whether they hire from within or outside the industry, but we know that the fallout from Brexit is going to be muddy. This means that the one skill set that the future retail CEO will have to have is the ability to bring silos together.

They will also have to have an inherent brightness and be well respected. The retail sector has lost a lot of talent to banking and technology, and that is a concern. We need to attract the finest brains to this industry at a time when the British Retail Consortium estimates that 900,000 UK retail jobs could be lost by 2025. Why would the brightest and the best choose to join this sector? There needs to be a joined-up approach between retailers, brands and the government.

There are also still some "grand-daddies" of the fashion retail industry. It would be great to see a younger generation with a wide skill set coming through.