

A woman in a white dress is walking in a shopping mall, carrying a large white shopping bag. The background is blurred, showing other people and mall fixtures. The overall tone is bright and modern.

HEIDRICK & STRUGGLES

CONSUMER MARKETS PRACTICE

Rethinking Retail Talent

The rules of customer engagement are shifting as global retailers search for leaders able to master the ever-changing world of omnichannel commerce

Radical transformations are reshaping the retail sector, and the long-term implications for retailing talent will be profound. A convergence of powerful factors are driving these developments, including the increasingly intense need to engage the customer as well as rapid advances in data and technology capabilities that are part of the omnichannel revolution in retailing. Already, the changes are forcing retailers to hunt for talent in a broader range of sectors and are pushing them to rethink the portfolio of skills and qualities needed from their current and future leaders

Based on the experience and insights that Heidrick & Struggles has gained from more than 1,100 senior executive and board director searches we've conducted in the retailing sector over the past five years, some patterns are already emerging. Leading retailers around the world are increasingly seeking candidates who can:

- Understand and effectively tackle the challenges and opportunities that accompany today's customer-centric environment, where personalized engagement and emotional connection with customers can mean the difference between growth and stagnation.
- Tap disparate experiences and skills to develop and effectively manage omnichannel strategies, even as those strategies continue to evolve rapidly.
- Embody a more sophisticated approach to creativity that blends new levels of "product" and "environment" thinking that now are required by retail organizations to differentiate themselves in the eyes of fickle consumers.



- Draw on and integrate different management styles to ensure that their teams can thrive and be productive in a VUCA (volatile, uncertain, complex, and ambiguous) world.

The changes in top talent requirements reflect the more complicated strategic environment that retailers face as the effects of technology are felt across the spectrum of a retailer's operations. For instance:

- Almost all retailers are hamstrung by siloed organizational structures, which make it difficult for internal groups such as operations, marketing, and merchandising to establish unified end-to-end customer experiences across the breadth of the customer journey.
- Many retailers struggle to adapt to and link the varied electronic devices that customers use for e-commerce (for example, a smartphone for browsing on the way to work, a desktop for continued browsing over the course of the day, and then a tablet or laptop for buying in the evening). The challenge of seamlessly weaving together the threads of the customer journey is complex and continually evolving.
- Some retailers face difficulties in determining who in the organization ultimately owns the customer — and when ownership is spread, avoiding disjointed customer journeys becomes the challenge. Aligning accountabilities across the customer experience is tricky, as it requires tough decisions about where and how to hand off customers so as to ensure smooth and frictionless shopping experiences.

What has worked in the past does not work anymore; the willingness to learn will be the enabler for success (see sidebar, “Retailing’s new strategic landscape”).

Many retailers will find it necessary to look outside of the sector for key personnel, yet the complete set of skills required to achieve true omnichannel customer experiences is tough to find. It is likely to be at least another five years before these skill sets begin to mature, and when they do, they will be in high demand.

A closer look at how leadership needs for global retail organizations are changing to meet the new strategic requirements provides lessons for retailers of all stripes.

Breaking the rules

The dynamics of the industry over the past 12 months have spurred retailers to bend — or break — many long-standing rules for identifying and hiring top-notch senior executives. Companies are discovering that more robust human resources strategies are often needed to successfully navigate the new conditions.

How does this look on the front lines of the omnichannel revolution? Here are three “tip-of-the-iceberg” talent issues we’ve observed — whether a retailer is looking for a VP of marketing or a new member of the board.

1 Increased emphasis on cross-functional talent

We all are familiar with retailers organizing around tightly delineated functional responsibilities, with one leader responsible for a company’s physical stores while another runs its e-commerce operations.

Today, however, boundaries that separated those silos are disappearing as leading retailers employ cross-channel operators capable of engaging with and delighting customers regardless of how and where they shop.

These changes have caused companies to prioritize the selection of leaders who can orchestrate varied functions and resources in a matrix organization — while placing less emphasis on those with deep, but ultimately narrow, functional expertise. This can inspire unconventional trade-offs. We’ve seen a major retailer in the United Kingdom promote its omnichannel director (a leader with no prior operational experience) to also head the company’s broader store operations. This executive’s cross-channel savvy and ability to work across silos was seen as far more important to the company’s future. The company recognized the imperative of having one person simultaneously operate both the digital business and the physical business to provide consistency for the customer across the shopping experience. This choice to have one senior-level individual lead all routes to market — supported, of course, by very talented lieutenants to bridge the experience gaps that can occur when companies break from the status quo — is something that we expect to see widely adopted as companies respond to the changing retail landscape.

2 Omnichannel, omnipresence, omnithinking

The explosion of mobile technology and the resulting growth of omnichannel retailing in recent years have led to radical changes in consumers’ shopping habits. This, in turn, has altered how retailers view the experience requirements of would-be leaders. Rather than just looking to candidates from their own specific retail subsector, leading companies are broadening their search criteria to include strong candidates from new areas whose skills enable them to drive customer-focused agendas. We have seen highly talented leaders join retailers from the travel, hospitality, telecommunications, financial services, entertainment, and leisure sectors — as well as impressive examples from digital stalwarts such as Google and Skype. Of particular interest are executives from companies and industries where cross-channel maturity is especially developed.

Retailing's new strategic landscape

The changes in top talent considerations reflect a new set of strategic imperatives and trends for the sector as retailers look to “up their game” in the following areas:

Create a culture of customer centricity

Put the customer at the heart of all your decisions; they are that important.

Continue to innovate

Be highly creative with both your products and your environments to bring the brand to life and excite the customer.

Trade across channels

Deliver brand consistency without compromise, regardless of where or how a customer shops. Improve the visibility for you as a business and, of course, your customer.

Leverage your routes to market

Identify your core revenue streams and leverage your entire business throughout the supply chain to bring efficiencies beyond expectations.

Personalize the customer experience

Create trust and a relationship that is tailored to each customer. Each of them is unique. Technology and data are keys to success.

Create simplicity from complexity

Remove roadblocks from the organization and drive a well-planned route.

Embrace change and be nimble

Evolve your three-year plan every two or three months. Have a clear vision and empower your organization as a leader.

3 New kinds of creativity

New sales channels are raising customer expectations and creating unmet demand for a more sophisticated and integrated retail experience. While some more traditional retailers are still grappling with the basics of “e-commerce versus stores” and finding it challenging to create brand and customer experiences that are unified across channels, other retailers are far more “omnichannel literate.” These leaders are starting to marry creative products with creative environments to better support the brand.

In fact, as the customer journey continues to grow online, the in-store environment will increasingly need to deliver a more intense brand experience for customers. When customers engage with shopping environments (regardless of where), they don't just want to shop; they want to feel that the brand understands them. The point of sale becomes the stage where this sentiment is reinforced. Executives able to combine unique and inspirational products with equally inspirational (and differentiated) shopping experiences will have the edge. Rarer still are those executives who can engage and motivate their teams to help turn this combination into scalable, commercially efficient realities.

Piecing the jigsaw

Each company needs to address the distinctive talent puzzle that it faces in this new world. Meanwhile, a set of overarching talent requirements is becoming clear as retailers draw up the strategic road maps that will best lead them to customers. Tomorrow's retailers will possess the following must-have abilities.

Take personalization and channel awareness to new levels

This mind-set can already be seen in the more sophisticated approach some companies are taking to merchandising. Whereas merchandising was traditionally about seasonality, and in-store displays largely followed the calendar, today's approaches are far more personalized. This shift is creating entirely new sets of merchandising considerations and reshaping merchandising strategies.

For instance, retailers are increasingly using so-called "beacon" and near-field technologies to approach shoppers through their smartphones with personalized, real-time promotions based on CRM data. More generally, businesses are now able to experiment with entirely new "calls to action" that may arise anywhere in the purchase journey and may be tied to very specific customer behaviors, such as the amount of time spent in the store or a customer's purchasing history. This allows retailers to more accurately identify high-value customers and proactively nudge them to make purchases.

When aggregated, this new array of personalized local and cross-channel considerations can have far-reaching global implications for merchandising.

Demonstrate supply chain sophistication

New technologies enable retailers to bring traditional, back-office functions closer than ever to a retailer's trading platform. Supply chain and distribution in retailing traditionally has been about managing trucks and warehouses. Today, it's about forging real-time connections with stores and driving trade through constantly replenished stock. Powerful tech-enabled supply chains allow retailers to create new product and service propositions, even as they more efficiently move products from point A to point B.

Retailers are also hiring leaders who can combine back-end efficiency with improvements that sharpen the effectiveness of the company's forward trading.

In the past, one person would have been in charge of the supply chain and another person in charge of trading. Now, retailers are bringing these roles together as they tighten the loop between supply and trading decisions.

Looking ahead, retailers will need to develop even higher levels of supply chain sophistication in order to take advantage of the myriad opportunities that will be unleashed by the Internet of Things.

Lead with clarity and conviction

In an increasingly competitive world of proliferating products and brands, retailers will place a premium on executives who can simplify things for customers and employees alike. The real differentiator will be leaders who bring clarity and purpose to these interactions. Having a compelling vision that aligns the organization and enables everyone to understand the part each of them plays will be critical. The CEO of a UK white goods retailer instructs employees to, among other things: "Treat every customer as though she were your grandmother," and "At the end of the day, be proud enough of the decisions that you have taken to want to go home and tell your mum about them."

Be a data-savvy “intrapreneur”

The uncertainty and pace of change in most retailing environments make it useful for CEOs to think of their business units as a series of tech start-ups.

Data know-how and agility will be key leadership skills. Data is the blood running through the veins of the organization, but legacy systems are getting in the way of an agile data environment that can support personalization in real time. Today’s retailers are generally in the early stages of developing their new data capabilities, and they need visionary leaders who not only have seen it done elsewhere but also know how to cut through the red tape to get stuff done.

This means that business-unit leaders who can bring a visionary and entrepreneurial mind-set inside the confines of a large organization — while avoiding unnecessary disruption — will be in high demand. Working in this way requires, above all, the ability to embrace and lead change while minimizing collateral damage.

When searching for intrapreneurial talent, retailers are finding that the key to success is to bring aboard leaders who have a mind-set that enables them to understand the company’s culture and how it should be protected or shaped, rather than placing top priority on candidates who are masters of particular technologies.

Break the rules on the customer’s behalf

Retailers have long insisted that every employee is accountable for delighting the customer. In a data-rich, omnichannel world, a goal like this is more achievable than ever before. We already see a higher value being placed on executives who can inspire measurable improvements in employee engagement.

The key to this, in our experience, is empowering employees. It is not enough for a leader to have a vision and a game plan. Leaders must also empower and inspire their teams and their businesses to execute. The best retailers are already experimenting with this, for example, by allowing a much wider group of employees to make personalized, on-the-spot pricing offers to customers.

Avoid the paralysis trap

The omnichannel era is maturing rapidly, and retailers will encounter many challenges along the way in their hunt for the leaders able to master it.

As retailers build their teams for the future, they must be ready to leave their comfort zones and think differently about the capabilities and roles they need for this new world. They will need to hire people with skills and backgrounds that might be unfamiliar. Because leaders will be in short supply or only partially developed, it will be necessary to put an emphasis on personality, leadership style, and potential as well as on specific skills, background, and experience.

Instead of succumbing to the paralysis trap, companies should keep moving forward by making the best hires that the market offers them today, knowing that this new breed of retail leader will continue to emerge, develop, evolve, and grow.

Conclusion

The retailing landscape is evolving quickly, and the talent approaches that worked yesterday are unlikely to work tomorrow. Forward-looking retailers are positioning themselves for success by identifying the handful of must-have leadership capabilities that will help them master the new environment. ■

About the author

Lucy Harris is an alumna of Heidrick & Struggles’ London office.

Consumer Markets Practice

Heidrick & Struggles' Consumer Markets Practice is the recognized leader in recruiting senior executives and non-executive directors for companies large and small across the spectrum of consumer-focused companies.

Our team comprises consultants with detailed knowledge of all sectors of the consumer markets industry, including consumer goods, retail, apparel, hospitality, and media. We bring this focus to our clients and have the added advantage of being able to partner across sectors and with functional experts to bring innovative solutions to the human capital needs of our clients. Our recent experience with significant emerging talent needs such as digital marketing, customer experience, e-commerce, product innovation, and online communities and our ability to leverage a full suite of solutions in leadership consulting and culture shaping provide our clients with the expertise to stay at the forefront when addressing talent trends.

Leaders of Heidrick & Struggles' Consumer Markets Practice

Tom Snyder

Global Practice Managing Partner
Regional Managing Partner, Americas
tsnyder@heidrick.com

Claire Babel

Regional Managing Partner, Europe and Africa
cbabel@heidrick.com

Guy Cote

Global Sector Leader, Hospitality & Leisure
gcote@heidrick.com

Karen Fifer

Regional Managing Partner, Asia Pacific and Middle East
kfifer@heidrick.com

Catherine Lepard

Global Sector Leader, Retail & Apparel
clepard@heidrick.com

Anne Lim O'Brien

Global Sector Leader, Consumer Products
alobrien@heidrick.com

Mike Speck

Global Sector Leader, Media & Entertainment
mspeck@heidrick.com

HEIDRICK & STRUGGLES

Heidrick & Struggles is a premier provider of senior-level executive search, culture shaping, and leadership consulting services. For more than 60 years we have focused on quality service and built strong relationships with clients and individuals worldwide. Today, Heidrick & Struggles' leadership experts operate from principal business centers globally.

www.heidrick.com

WE HELP OUR CLIENTS
CHANGE THE WORLD,
ONE LEADERSHIP TEAM
AT A TIME®

Copyright © 2016 Heidrick & Struggles International, Inc. All rights reserved. Reproduction without permission is prohibited. Trademarks and logos are copyrights of their respective owners.

hs-00106