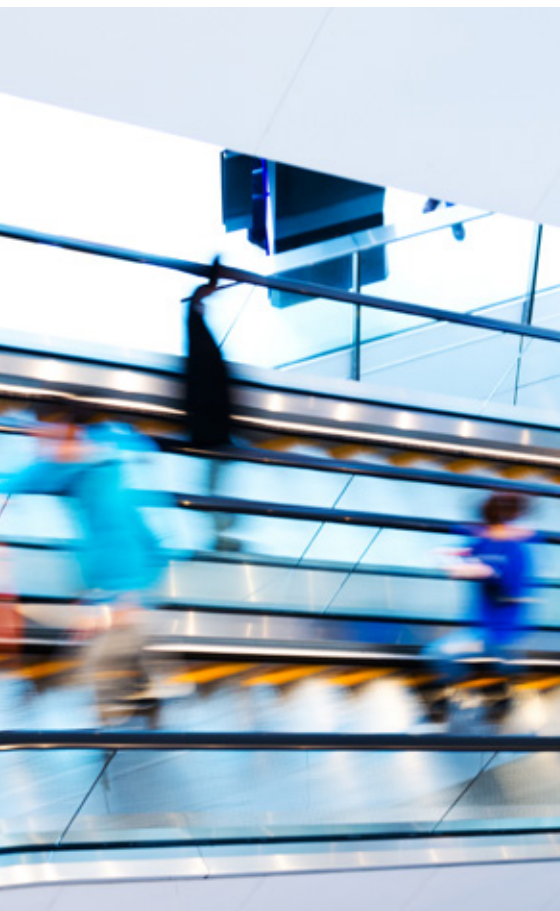


The Future of Retail: How CEOs are rebuilding for a strong, sustainable future

The next generation of retail leaders won't be able to rely on the same playbook as their predecessors. As the World Retail Congress Knowledge Partner for Leadership in 2022, Spencer Stuart is invested in this year's theme, "roadmap to rebuild a better retail." We asked CEOs from leading retailers around the world how they believe leadership will evolve. In this article, wisdom and forward-looking insight from nearly 30 CEOs leading businesses with operations in 116 countries and more than 2 million employees worldwide, along with the knowledge and experience of Spencer Stuart's Retail Practice consultants, provides a roadmap for the future of retail when every single stakeholder matters more than ever before.



Foreword

To be a retail leader over these last two years has been without comparison to any other time in distant memory — and that includes several financial crises. Almost overnight, the pandemic brought extraordinary change that required incredible focus, resilience, imagination, empathy and strength in order for retailers to survive. Above all, it required and demanded leadership. Whilst attention is now turning to the shape of the future retail landscape, it is also important to learn the lessons of this unprecedented period across the retail industry. Retailers had to learn how to be more agile, less risk-averse and more innovative and open-minded in challenging all the pre-COVID rules. Those new skills cannot be lost or forgotten.

Which is why this survey of retail leaders from around the world by our Knowledge Partner for Leadership, Spencer Stuart, is so important and timely. The global team has carried out in-depth interviews with some of the leading CEOs in the industry operating across all consumer channels and all regions. Thoughts on what these leaders have taken from the experiences of the last two years, and their reflections on what should now be the priorities for anyone leading a retail organisation, are vitally important and helpful. The issues the research highlights will be covered in depth at the 2022 World Retail Congress, and a panel of retail CEOs will discuss the findings and implications. The World Retail Congress and Spencer Stuart believe that the findings will also act as an important reference point for leadership teams as they work out their priorities for what promises to be a retail world that moves ever faster.

IAN MCGARRIGLE
CHAIRMAN, WORLD RETAIL CONGRESS



In today’s globally interconnected world, a company must create value for and be valued by its full range of stakeholders in order to deliver long-term value for its shareholders.”

LARRY FINK
CEO, BLACKROCK,
IN HIS [2022 LETTER TO CEOs](#)

The last few years have brought profound, powerful change for the retail industry. The pandemic had a lot to do with this, but in many ways, the momentum for change in retail began long ago. The pandemic merely acted as a catalyst to accelerate transformation.

One thing is for sure. The next generation of retail leaders won’t be able to rely on the same playbook as their predecessors; the methodology of retail leadership will be dynamic and will require perpetual updating. To achieve ongoing resilience and long-term sustainable growth, it now comes down to delivering for all stakeholders, not just shareholders. Retail corporations today are accountable to customers both online and in store, employees from the frontlines to the meeting rooms, partners in the supply chain and the community at large.



What long-term sustainable strategy comes back to is thinking about who all the stakeholders are — not just the shareholders. Strategy is for everybody. It’s about your team strategy, your supplier strategy and your community strategy. If you don’t have a strategy that delivers for all stakeholders, some become disenfranchised.”

STEVEN CAIN
CEO, COLES GROUP LIMITED

Retail leaders are held to a high caliber of seamless customer experience. They’re scrutinized for their internal handling of diversity, equity and inclusion. They’re expected to consider climate change in their sourcing, supply chain and products. They’re under pressure to contribute to a more stable and just society with all their HR and business practices. Every stakeholder — from shareholders to customers to employees to investors — has high expectations, not just of a company’s products and services, but the workplace itself. Indeed, across the spectrum of stakeholders, retailers are being judged not just for the experiences they enable, but how they contribute to the greater social fabric.

The critical thread connecting all these stakeholders and their expectations? **Leadership.**

Leadership is the critical thread connecting all stakeholders and their expectations

Today's leaders are building out a bold future for retail even as they grapple with the ongoing impacts of the pandemic, discerning how to keep pace with consumers and what the role of the store will be in the future. As the World Retail Congress (WRC) Knowledge Partner for Leadership in 2022, Spencer Stuart is invested in this year's theme, "roadmap to rebuild a better retail." We asked CEOs from leading retailers around the world what it means to be a leader today and how leadership will evolve. Spencer Stuart's report takes in the views of **28 CEOs** leading retail businesses, along with the knowledge and experience of consultants in Spencer Stuart's Retail Practice. The businesses that are represented in the research collectively employ more than **2.1 million people** and have operations in **116 countries worldwide**.



Current top priorities for CEOs

#1

Shifts in consumer behavior and expectations


#2

Delivering a sustainable strategy for long-term investment and growth

#3

The acceleration of digital in every area of the business

In addition, CEOs ranked supply chain resilience, environmental impact, creating an inclusive work environment and managing through uncertainty as top-tier issues they'll continue to focus on in the future. Inflation was also front of mind for many CEOs.



Change creates rich new opportunities for retailers

The expectations of all kinds of stakeholders have been changing for a while now, but none more radically than that of employees and consumers.

With massive disruption has come a big change in how people want to live and work and shop and engage

“The customer has changed completely — both regionally and globally. This is true for every category of consumer, what they buy, how they buy and when they choose to shop — day or night. They expect customization and personalization ... and they expect it all at an amazing, great price.”

RENUKA JAGTIANI

CHAIRWOMAN AND CEO, LANDMARK GROUP

Thanks to pandemic shutdowns, customers have had a taste of getting groceries delivered within two hours, and their expectations have changed radically. If they can get groceries, why not electronics? Printer paper? And everything else? As Dave Kimbell, CEO of Ulta Beauty, the leading U.S. beauty retailer, put it, “The last two years have been wildly disruptive in so many ways. With massive disruption comes large shifts in how people want to live, work, shop and engage. It’s changed everything, and not just for the short term.”

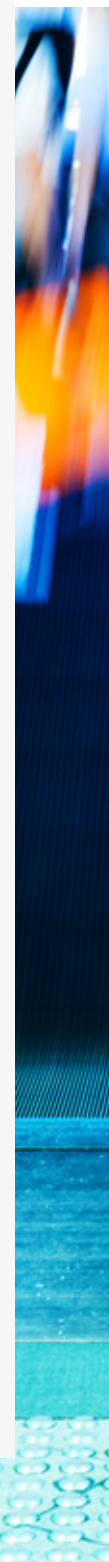
The massive acceleration of online retail during the pandemic certainly added new intensity to the debate about e-commerce vs. in-store. But many leaders see the shift toward e-commerce and the complexity of multichannel shopping as inevitable. Consumer expectations have been changing radically for a while, which had already altered the role of physical stores and created higher demand for personalization along the customer journey. Add to that the rise of direct-to-consumer commerce, and leaders are grappling with intense change around how to serve customers.

Retailers have learned that they can innovate faster than they ever imagined

“The number-one theme we’ve seen is a shift in consumer behavior and expectations. Our customers have become much more demanding in terms of customer experiences and convenience.”

HANI WEISS

CEO, MAJID AL FUTTAIM RETAIL



While in many ways the pandemic simply sped up momentum that was already there, it also created rich new opportunities for retailers. People might expect to pay the same price to have something delivered swiftly to their door, creating pressure on profitability. On the other hand, omnichannel customers are considerably more valuable than single-channel customers, granting opportunities for greater engagement and improved performance.

Retailers have also learned that they can innovate faster than they ever imagined. One of Canada's leading home improvement retailers, Home Hardware, rolled out a national "ship-to-home" model. President and CEO Kevin Macnab says, "The desire to provide customers with what they want, when they want it and how they want it, coupled with the reality of COVID restrictions, helped dealers quickly adopt and embrace the roll-out of ship-to-home."

The critical role retail plays in society has been underscored again and again and again

"COVID accelerated retail trends which were already there. When the crisis is behind us, we'll be left with an acceleration of digitization, multichannel and hybrid working."

SANDER VAN DER LAAN
FORMER CEO, ACTION HOLDING

Employees, too, have had a taste of a different way of working. When videoconferencing became the norm for retail teams, and everyone was the same size on a box on the screen, there was an instant upside, according to Tim Baxter, CEO of Express, an American fashion retailer. "In an odd way," he says, "it broke down silos and gave everyone a seat at the table. We have now shifted some larger meetings that would have always been in person to video, because we find it a much more effective way to hold meetings with a large number of attendees." And over time, Baxter notes, meetings have become less hierarchical and much more interactive as people who, in the past, might not have spoken up from the back of a room have become comfortable weighing in online.

As the term "essential workers" has become part of the collective lexicon, the status of frontline workers, too, has elevated. The critical role retail plays in society has been underscored again and again, giving retail leaders the opportunity to leverage their brands, strengthen customer relationships and recognize their employees.



The urgency to go all-in on digital: how leaders are responding



Digital and business have to really become one.”

JON ABRAHAMSSON RING
CEO, INTER IKEA GROUP

Retail was once considered the gatekeeper between producers of goods and buyers of goods, a storefront for the supply chain. That’s changed. Retailers are no longer a point of access, but a primary provider of experience, and the pandemic only served to underscore the primacy of customer experience — an experience largely powered by digital.

David Potts, CEO, Wm Morrison Supermarkets — one of the “big four” UK grocery chains — recalled the words of the late Ken Morrison, who said: “If ever retail gets too complicated for you, just take it back to the fundamental of buying and selling.” But David interprets this for the modern age: “I’d argue that it’s also now about technology. If you haven’t got the technology, buying and selling becomes pretty difficult; traditional values, modern methods.”

Even with technology, buying and selling is not just a transactional activity now, but an experiential one. For this reason, technology has become pervasive, rather than a discrete component of retail selling. Digital technology powers customer-facing apps, provides recommendations, makes keeping track of inventory across selling channels seamless and surfaces valuable customer information to frontline employees in the moment. As Cain says, “Technology can’t be done just by the technologists.” Rather than an isolated digital arm of the business, everyone has to be involved in creating a digitally astute technology organization, and that often requires education across teams, along with a digitally focused style of leadership.



You have to be decisive in your leadership in order to react swiftly. But ‘decisive’ also has to be data-driven. You may not have all the data, but you need to be prepared to make information decisions quickly. A lot of that is managing downside risk, but some of it is managing upside potential.”

KEVIN MACNAB
PRESIDENT AND CEO, HOME HARDWARE STORES LIMITED

Over the last few years, retail leaders have learned valuable lessons about their digital strategies. As Erik Nordstrom, CEO of Nordstrom, the American fashion retailer, confided, “We have a pretty long track record of investing in digital. What’s emerged in the last 18 months in particular has been the ability to scale.” At Macy’s, an American omnichannel retailer, Chairman and CEO Jeff Gennette says, “Every retailer out there, if they didn’t already have curbside service, does now. Some did it with duct tape and chewing gum, others were already very developed. But all of us got better at it.”

The alternative to duct tape and chewing gum, of course, is technology. Real-time data is the underlying foundation that enables retailers to deliver a case of toilet paper or soda to a customer’s car trunk as they pull up to a loading zone.

Making a quick shift to this ultra-convenient type of crossover service, combining hands-on service with digital inventory capability, is why leaders now must have a mix of operational and digital expertise.

Leaders are investing in and devoting time to learning new technologies such as AI and data science — forming teams composed of both data science and business people in order to foster cross-knowledge and collaboration. Many favor training and promoting people from within the internal talent marketplace to develop long-term careers. But that has to be balanced with recruiting talent with digital backgrounds into retail organizations.

In any case, there is, understandably, a strong emphasis on creating an ecosystem powered by technology, big data and AI. It is, in fact, table stakes to the customer experience. As Hani Weiss, CEO, Majid Al Futtaim Retail (a leading grocery retailer operating Carrefour stores

across the Middle East, Africa and Asia) says, “Going into in-depth personalized offerings — versus mass offerings — means using data analytics to help us harness customer information in order to better identify meaningful personalized opportunities for our customers ... and not hammer them with too many offers and messages at the same time.”

Of the retail leaders we spoke with, not one failed to mention the importance of investing in a digitally capable ecosystem. Daniel Rodriguez Cofré, CEO of FEMSA, a leading beverage and retail organization headquartered in Mexico and operating across the Americas, told us, “Technology was an obstacle, so we invested in IT, making our systems more coordinated and putting them in the cloud in order to enable a faster decision-making process.” But at the same time, he

created a digital division of the business, reporting directly to him, and reshuffled a bit to “give an electroshock to the team and boost creativity after lockdown months.”

For most leaders, there was no template to go by during these pan-

demic-influenced digital shifts, but in some regions, the changes were more radical than others. As Shulin Gao, chairman of the board of Rainbow Digital Commercial Co., Ltd., a leading Chinese mall, supermarket and department store retailer, puts it, the radical shifts the pandemic inspired required “self-transcendence: having an open mind, being willing to learn and being able to overcome the dependence on a past path.” He elaborated: “For this round of digitization, there are no existing best practices, nor a proven model to learn from. We have to constantly explore, summarize, correct and upgrade in the process of innovation.”

Combining hands-on service with digital inventory capability is why leaders now must have a mix of operational and digital expertise

The massive surge toward digital touchpoints in retail

Hong Kong

At A.S. Watson, the world's largest international health and beauty retailer, customer insight analytics show that O+O (offline plus online) shoppers spend about 3x what in-store-only shoppers spend. Malina Ngai, group COO and CEO Asia & Europe, notes that O+O is about creating a bigger share of wallet and higher customer lifetime value.

UK

Ken Murphy of Tesco, a leading international grocery retailer headquartered in the UK, describes that: "Pre-pandemic we were operating at about 9 percent of our business online. That jumped to 15 percent at the peak of the pandemic. We're now settling down at about 13 percent. Overall, there's been a notable increase."

Mexico

In less than three months of the pandemic, FEMSA Health Division went from having no pharmacy invoices online to having the e-commerce share at 10 percent. CEO Daniel Rodriguez Cofre says: "The key learning for me was that in order to better serve our customers and satisfy their needs, we need to move much faster in digital compared to our pre-pandemic plans."

The nucleus of purpose: Serving every stakeholder with integrity



What we have learned during this pandemic is the need to move away from capitalism for shareholders to creating value for stakeholders — in other words, people and communities.”

HANI WEISS
CEO, MAJID AL FUTTAIM RETAIL

While digital is an enormous driver in retail, the ethos of purpose must live side by side with technology. The pandemic helped underline another trend already in place: retail's critical role in society. The call for retail companies to be absolutely consistent and clear on their purpose comes back to the idea of serving all stakeholders and not just shareholders.

Stakeholder: The customer

The customer is the first and most obvious stakeholder. Gaston Bottazzini is corporate CEO of Falabella, Latin America's major online and offline retail platform business. He articulates, "Retailers make a claim — and all of us try to instill a culture — of putting the customers first. But the reality of doing that in a changing and challenging environment is not so straightforward. Sometimes it means making sacrifices and prioritizing customer experience versus the bottom line."

For this reason, during the pandemic, some retail organizations bore financial losses in the interest of better serving customer interests, because, sometimes, doing the right thing is more important than short-term revenue. Ken Murphy, group chief executive, Tesco, the third-largest international grocery retailer by gross revenue, says: "Doing the right thing for customers was costly short term but has enabled us to grow our customer base overall. We added another 700,000 customers."

From a greater vantage point, prioritizing the customer as a stakeholder means providing better, richer, more real-time experiences. Digital capability is only part of this.

Stakeholder: The employee



We're on the hook now for how we are going to improve and engender well-being for our colleagues."

JEFF GENNETTE
CHAIRMAN AND CEO, MACY'S

Health and safety has always been important from a physical point of view, but mental safety and well-being has really come to the forefront over the last couple of years. "In some ways," says Ashish Dikshit, managing director, Aditya Birla Group, a leading Indian fashion conglomerate, "the whole crisis has brought real human beings out of anonymous employees and organizations. It's pushing organizations to rethink and evaluate their purpose with greater sensitivity for their employees versus only shareholders."



The fact that you might go into the office and find 100 people there out of 4,000 used to be unthinkable, but it turns out that the organization can still operate successfully. You simply have to be agile and flexible."

STEVEN CAIN
CEO, COLES GROUP LIMITED



A lot of leaders are grappling with the tension between how, and whether, to safely bring people back to the office while knowing they're now competing with permanently remote companies for the same talent. In some ways, efforts to increase diversity in the leadership arena have long been at odds with the mandate to work "regular hours" in a "regular office," and the pandemic made this glaringly obvious. But the pandemic also enabled organizations to make progress on diversity in the workforce, because when office workers and support-center employees can work at home, there's more opportunity to be equitable in the approach to recruitment and to support working parents in their careers — even as they move into management and leadership positions.

In many ways, the shift to more remote work and the greater emphasis on purpose have had a keen impact on company culture and, in turn, the ability to recruit talent. Nordstrom confirms, "To be an employer of any scale, purpose has to be clear, more transparent and have more proof points than ever before." Tesco's Ken Murphy mirrors this sentiment: "You can see younger colleagues come alive when we explain just how much we do around sustainability, the environment and the community. It's that X-factor that gets people excited."

Stakeholder: The greater community and world

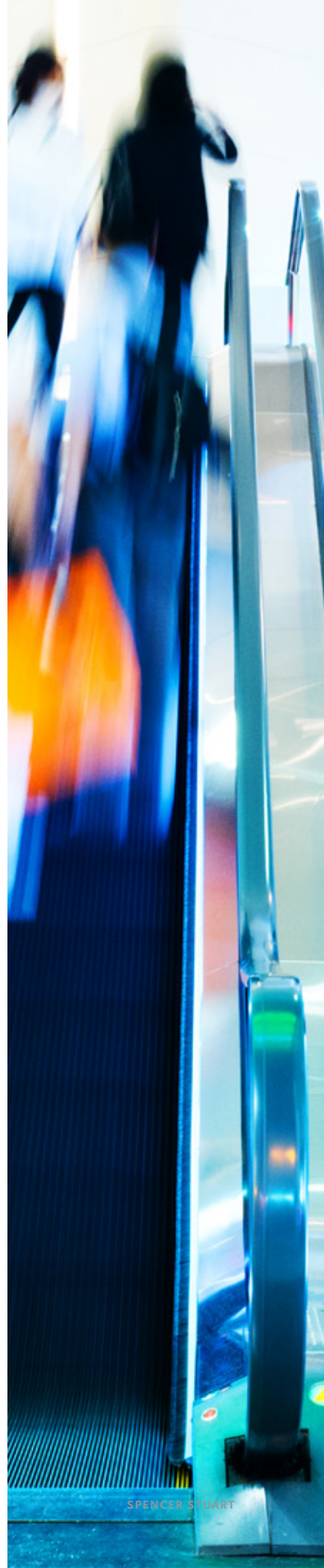


Our main responsibility is to lead a sustainable business that minimizes environmental impact to bring real value and benefit to society."

GALIP AYKAÇ
EXECUTIVE COMMITTEE MEMBER, COO, BİM BİRLEŞİK MAĞAZALAR A.Ş.

Every leader today is acutely aware of how their company aligns with community values. A grocery store is no longer just a grocery store, but, as Noel Keeley of Musgrave, Ireland's leading food retailer, says, "Our purpose at Musgrave is 'growing good business' and that means growing businesses that are commercially successful, obviously, but also that 'do good' in the community. We can't think of our jobs as merely operating supermarkets or supply chains, but to actually keep food on the table for the people of Ireland." In fact, Musgrave feeds one out of three people in Ireland every day, making it not just an essential service but one that is integral to the functioning of the country.

Leaning into this big picture of purpose was powerful for every grocery enterprise that successfully weathered the last few years. At Wm Morrison, Potts says, "Our north star, our core purpose has been vital. It gave us a way to communicate that 'to play our full part in feeding the nation is more than our job,' particularly during lockdown. That really resonated with our people."



For its part, IKEA embraces a vision of “Creating a better everyday life for the many people,” and CEO of Inter IKEA Group Jon Abrahamsson Ring emphasized how important it is to do that with inclusivity and equality. But environmental sustainability is also very important. Since IKEA is considered one of the largest commercial buyers of wood in the world, the supply chain choices the company makes matter, which is why Abrahamsson Ring insists, “As a global player, IKEA has a big responsibility to make sure we invest in the right things, which are both scalable and create the biggest impact for the many people. That is what we are here for.”

The move from capitalism for shareholders to creating value for all stakeholders is a major point of differentiation for retailers today



Levi Strauss & Co. is leaning into sustainability, not only through manufacturing innovation to reduce the use of water and chemicals in its processes, but also with its marketing. Its “Buy Better Wear Longer” campaign encourages customers to be more intentional about their apparel choices, including buying second-hand clothes. “Everything we’re doing right now is with an eye toward sustainability, not just the products we make, but the stores that we build and the carbon imprint of our transportation and delivery,” says Chip Bergh, Levi Strauss & Co president and CEO. Longer term, retailers will rethink business models to have less impact on the environment. “We have to be thinking about alternate business models that can generate revenue in a way that will be good for planet Earth. How do we get consumers to buy less but buy better? I think that is going to be a really, really big part of the role of a leader in the future.”

This broad attention to all the different kinds of stakeholders that matter in retail came up again and again in our conversations with leaders. CK Venkataraman, managing director of Titan Company Limited — an Indian lifestyle products company — says, “The big loss in the first quarter of FY 21 was staring at us, but because we were a multiple stakeholder company, we put all the other stakeholders first — employees, distributors, franchisees, community and partners. That approach created so much goodwill among those stakeholders that they all ended up committing everything for the company and created significant shareholder value in turn.”

The move from capitalism in its purest form to creating value for all stakeholders is a major point of differentiation for retailers today. Leaders must think in terms of a broad set of stakeholders when driving toward a truly sustainable business strategy.

The environment as a priority stakeholder

Just how pervasive is environmental sustainability as a central aspect of retail strategy today? Nearly every leader we spoke with referenced the initiatives their company is spearheading. Here are a few examples.

100%

renewable electricity use by June 2025

Coles has a “Together to Zero” initiative in place: Zero emissions. Zero waste. Zero hunger. Their efforts get all stakeholders involved with goals that are already paying off. Consumer research in Australia recently ranked Coles as number one in “doing the best job of sustainability.”

50%

reduction in carbon emissions by 2030

Enrique Martinez, CEO of Fnac Darty, a leading European retailer of entertainment, leisure products and electronics, headquartered in France, ranks the circular economy as one of the top two priorities in his leadership: “We are experiencing pressure to be conscious about the environment from our clients and suppliers.” They’re working hard to make operations more sustainable, and fostering the repair and maintenance of electrical/household appliances to increase their life expectancy.

30%

reduction in electricity intensity by 2030

At A.S. Watson Group, Malina Ngai says, “Sustainability is not a choice, it’s an imperative and our top priority, enshrined in our purpose: To put a smile on our customers’ faces today and tomorrow.” Among other things, their 2030 Sustainability Vision aims to eliminate unnecessary packaging, phase out PVC, use a minimum of 20 percent recycled plastic content in plastic packaging and make paper products from sustainable materials.

Net Zero

by 2035

Climate change is the biggest issue for every business, according to David Potts of Wm Morrison. But historically, it competes with more “practical” problems of every day, so the trick is to “have a sustainable strategy in a competitive market, but with long-term investors and environmental impact becoming increasingly more front and center.” The company’s goal is to be Net Zero by 2035 — 15 years ahead of the government.

Forest Positive

by 2025

Kingfisher, the international home improvement company, is on track to deliver on its commitment to being “forest positive” by 2025 — creating more forests than it uses.

Kingfisher is committed, not only sourcing responsibly and maintaining and restoring forests, but to engaging with local forest communities to build strong local economies while protecting the natural resources they depend upon.

How leadership is changing among shifting priorities

Purpose has become a central tenet of retail leadership, and companies are playing the digital long game. But long-term strategy has also waned in importance. The days when the same strategy could apply for five years are gone, and today, you simply can't take 18 months to go from idea to execution. In fact, with continued uncertainty and constant disruption promising to stick around as durable trends, and increased accountability to all stakeholders now table stakes, retail leadership has changed — for good.

It's on a new path now, with much quicker decision-making expected from organizational leaders — along with the paradoxical willingness to let go of control. The retail leaders of the future will all but abandon classic “directed from the top” leadership models in favor of creating strong relationships, leaning into empathy and other valuable soft skills, and maintaining focus on the big picture of purpose for all stakeholders.

Leaders are listening to learn



One thing the pandemic has taught us is that we can't keep working the way we've been working. We, as leaders, need to be much closer to the experience on the ground, and much more agile and efficient in terms of making decisions.”

HANI WEISS
CEO, MAJID AL FUTTAIM RETAIL

Just as key workers are finding themselves recognized in ways they were not in the past, leaders are realizing that information flowing from the frontlines and throughout the organization critically informs their decision-making. Many of those we spoke to observed that they've seen managers who rely on “control” suffer during the massive changes of the last few years. As one example, Bottazzini says, “My leadership style has been less focused on control, more focused on creating an innovative culture — without the ambition, necessarily, for breakthrough innovation, but more on day-to-day innovation.”



The pandemic was a great test of resilience

A crash course in crisis helped to align people, taught valuable lessons about what consumers want (even as those things changed), forced agility and adaptability in the most traditional companies and created cohesion among employees. Ultimately, it was a great test of resilience for the entire retail industry, but there were also some more profound lessons inherent in the collective experience.

“The pandemic has been a living classroom for all leaders. No textbook could have helped when, all of a sudden, the world changed overnight. Forget physical versus online. It’s not either/or: O+O [offline plus online] is the new standard for retail.”

MALINA NGAI
GROUP COO, A.S. WATSON GROUP, AND
CEO, A.S. WATSON (ASIA & EUROPE)

“There are some permanent changes that will sit with us on the back of COVID-19. It has changed the way people access food and when they do so. The challenge for food retail will be to deliver food solutions to people when they want them, where they want them, regardless of channel.”

NOEL KEELEY
CEO, MUSGRAVE GROUP

“The pandemic was a great testimony to how businesses and leaders are resilient. The name of the game was adaptability and agility.”

HANI WEISS
CEO, MAJID AL FUTTAIM RETAIL

“Putting aside the many tragedies of the pandemic, from a business point of view, we are in a much better position now than if COVID hadn’t happened. We’ve gotten faster in our level of transformation.”

JAUME MIQUEL NAUDI
CHAIRMAN AND CEO, TENDAM RETAIL

“The pandemic has profoundly changed customers’ minds and their consumption habits. Nowadays, customers are more diversified and personalized. They’re more sovereign and cannot be easily influenced by merchants.”

JIANGUO WANG
CHAIRMAN OF THE BOARD OF DIRECTORS,
FIVE STAR HOLDINGS GROUP CO LTD

In China, Gao says he has moved from a leadership style heavily weighted on management to one with more of an emphasis on “leadership: gradually handing over the design of solutions to specific and complex problems to innovative young people, while I am more involved in building consensus and promoting the suitable culture.”

Keeley puts it this way: “Every single person who works for us must be treated with the height of respect, regardless of what role they play. It’s simple human dignity. Treat people the way you’d like to be treated, and you’ll never go very far wrong. If I have someone on the executive team who doesn’t share that point of view, they are working for the wrong company.”

They’re cultivating the soft skills that matter



For me it starts with leading with your heart — care, compassion and empathy. I try to infuse it throughout the organization, and I try to demonstrate it myself.”

DAVE KIMBELL
CEO, ULTA BEAUTY

Empowering people is the new epitome of leadership. It’s not just about having your “ear to the ground,” but doing so with empathy, humility, adaptability and a willingness to continually reskill. Many of the leaders we spoke to have left behind the idea of top-down leadership in favor of nurturing a high-performing team that can surface innovative ideas from any corner. Marcella

Wartenbergh Elizondo is CEO of AWWG Group, a global fashion group based in Spain. She says: “Power hierarchy is not valid anymore. Leadership must exist to guide but not impose.”

Specifically, transparency has become a valuable commodity in leadership. About Macy’s, Gennette says, “This brand is for the ages, and we’re stewards of it. We’ve learned to bring our colleagues into the realities of what the shareholder needs from us and what, collectively, we’re responsible for creating. There’s a power in that level of information and transparency.”

They’re keeping the organization focused on the big picture

When it comes to things like the social and racial injustice issues that have come to the forefront, there are employee expectations, there are customer expectations and there are community expectations. Modern leadership must be far more balanced around meeting the needs of a wide swath of stakeholders than it ever was in the past. They cannot just tend to profits. But, of course, that also means leaders have to manage the tensions that can arise when balancing the needs of shareholders and other stakeholders. “There’s really no playbook on it,” says Nordstrom. “It’s different than any time in history, and every business is going through it.”

That tension between serving all stakeholders — customers as well as shareholders — sometimes requires difficult choices. The UK-headquartered leading international home improvement company Kingfisher bore material financial losses for the first 8 weeks of the pandemic when it made the decision to proactively close stores to protect its customers and teams even though it was considered an essential retailer.

Managers who rely on “control” have suffered during the massive changes of the last few years

Kingfisher CEO, Thierry Garnier, says: “It was the right thing to do, even though it was a broader decision than our company purpose of ‘helping to make better homes accessible for everyone’.”

One CEO likened the challenge of conflicting priorities to a Venn diagram with three circles: customers, colleagues and the business itself. At the center is the sweet spot where the needs of all three stakeholders can be met — while always technically putting the customer at the heart.

High-level advice from leaders

Create a culture that inspires creativity and courage

“The better standardized execution is, the slower innovation will be, to some extent.”

SHULIN GAO

CHAIRMAN OF THE BOARD, RAINBOW DIGITAL COMMERCIAL CO., LTD.

“The challenge is to create added value for the consumer. There should be no restrictions on thinking.”

JOHN CLOPPENBURG

SPEAKER OF EXECUTIVE BOARD, PEEK & CLOPPENBURG

Always be a learner

“Through the course of the pandemic I’ve met a lot of really interesting people and been able to pick their brains. In times of change you really need to be a learner, to step out and have an outside-in view. It’s more vital than ever before.”

ERIK NORDSTROM
CEO, NORDSTROM

Don’t confuse digital with strategy

“Digital does not equal strategy. Digital is an important channel of communication, and access to the consumer, from a sales point of view. But there are other elements of traditional marketing — like value proposition, pricing, margin, etc. — that should not be forgotten.”

JAUME MIQUEL NAUDÍ
CHAIRMAN AND CEO, TENDAM RETAIL

Be a role model when it comes to diversity, equity and inclusion

“Inclusiveness is an attitude of corporate leaders, and diversified cultures are a result of that. Fairness is in the foundation.”

LIANG PEI
CHAIRMAN, CHINA CHAIN STORE & FRANCHISE ASSOCIATION

Widen your talent pool

"If you look at the emerging talent pool for the next five, 10 or 15 years, it's going to be increasingly diverse from a number of perspectives. You're going to miss out massively as a business if you don't look at the widest possible pool of talent. You also won't know your customers. This should be at the top of every business's agenda."

KEN MURPHY
GROUP CHIEF EXECUTIVE, TESCO

"Talent is key. In this environment, you need people who have experience and who you can trust to make decisions. Things are happening so fast."

KEVIN MACNAB
PRESIDENT AND CEO, HOME HARDWARE STORES LIMITED

Don't discount the in-store experience

"We're seeing a desire for human experiences that add value to people's lives which gets us thinking about how to evolve our business in a world where physical retail seamlessly works with a world-class digital presence and shapes retail today and for a long time to come. Today, it's a bigger hurdle for guests to get in their car and come to your store, so when they do, you need to make sure you're delivering a great experience."

DAVE KIMBELL
CEO, ULTA BEAUTY

Balance vision with a practical plan for profit

"Your responsibility as a CEO is to keep these two things in balance: the customer value proposition and that you have a profitable business."

DANIEL RODRIGUEZ COFRÉ
CEO, FEMSA

Above all, keep purpose as your north star

"Be clear in your purpose and culture, combined with agility and innovation. We have 225,000 co-workers at IKEA and an additional 800,000 people working at our suppliers. I think I could wake any of them up in the night and they'd know the vision: Create a better everyday life for the many people."

JON ABRAHAMSSON RING
CEO, INTER IKEA GROUP

"Constantly stay relevant, and never take the customer for granted. And you can't stay relevant without purpose."

RENUKA JAGTIANI
CHAIRWOMAN AND CEO, LANDMARK GROUP

Rebuilding retail for a stronger, more resilient future

“Retail is not dead,” Ngai tells us. “It just needs to be better for our customers today and tomorrow. To rebuild a better retail industry, retailers need to be laser focused on customer lifestyle, their pain points and their expectation of offline and online shopping experience in order to design and deliver something they need, and not just what we want to sell.”

As retail CEOs rebuild for a strong, sustainable future, they’re leaving behind old notions of a top-down, execution-focused strategy in favor of aligning culture around purpose and the experiences of all stakeholders. They’re also fully embracing digital capabilities in a more holistic way. The strongest retail leaders of the future will succeed by finding ways to create connectivity between the needs of all of their stakeholders, combining deep listening skills with quick decision-making as they build agility and lead innovation forward.

Interview participants

This article was written after in-depth conversations with CEOs of leading retail companies around the world. Spencer Stuart would like to thank all those who took part in this research.

- » Jon Abrahamsson Ring, CEO, Inter IKEA Group
- » Galip Aykaç, Executive Committee Member and COO, BIM Birleşik Mağazalar A.Ş.
- » Tim Baxter, CEO, Express
- » Chip Bergh, President and CEO, Levi Strauss & Co.
- » Gaston Bottazzini, Corporate CEO, Falabella
- » Steven Cain, CEO, Coles Group Limited
- » John Cloppenburg, Speaker of Executive Board, Peek & Cloppenburg
- » Ashish Dikshit, Managing Director, Aditya Birla Group
- » Shulin Gao, Chairman of the Board, Rainbow Digital Commercial Co., Ltd.
- » Thierry Garnier, CEO, Kingfisher
- » Jeff Gennette, Chairman and CEO, Macy’s
- » Renuka Jagtiani, Chairwoman and CEO, Landmark Group
- » Noel Keeley, CEO, Musgrave Group
- » Dave Kimbell, CEO, Ulta Beauty
- » Roger Lee, CEO, TAL Apparel
- » Kevin Macnab, President and CEO, Home Hardware Stores Limited
- » Enrique Martinez, CEO, Fnac Darty
- » Ken Murphy, Group Chief Executive, Tesco
- » Jaume Miquel Naudí, Chairman and CEO, Tendam Retail
- » Malina Ngai, Group COO, A.S. Watson Group, and CEO, A.S. Watson (Asia & Europe)
- » Erik Nordstrom, CEO, Nordstrom
- » Liang Pei, Chairman, China Chain Store & Franchise Association
- » David Potts, CEO, Wm Morrison Supermarkets
- » Daniel Rodriguez Cofré, CEO, FEMSA
- » Sander van der Laan, Former CEO, Action Holding
- » CK Venkataraman, Managing Director, Titan Company Limited
- » Jianguo Wang, Chairman of the Board of Directors, Five Star Holdings Group Co Ltd
- » Marcella Wartenbergh Elizondo, CEO, AWWG Group
- » Hani Weiss, CEO, Majid Al Futtaim Retail

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Contributors

Gulven Aytekin (Istanbul), **Jenna Bayard** (New York), **Geoffrey Boscoe** (Sydney), **Sherry Ding** (Shanghai), **Adeline Ducray** (Paris), **Kieran Duff** (Dublin), **Sally Elliott** (London), **Ann Elmquist** (Stockholm), **Courtney Hardart** (New York), **Susan Hart** (New York), **Christof Hirsch** (Düsseldorf), **Isabel Jaquotot** (Madrid), **Kevin Jurd** (Sydney), **Rohit Kale** (Mumbai), **Gyorgy Konda** (Milan), **Rekha Koshy** (Mumbai), **Catherine Kwong** (Hong Kong), **Chris Lakens** (Amsterdam), **Yorck Nelius** (Düsseldorf), **Robert Nowakowski** (Warsaw), **Carter Powis** (Toronto), **Jesper Ramso** (Stockholm), **Jonathan Smith** (London), **Juan Pablo Solar** (Santiago), **Silvia Suen** (Shanghai), **Murillo Tavares** (Mexico City) and **Tatia Torrey** (Chicago)

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Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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