ALL CHANGE AT THE TOP

Is the “churn” of retail chiefs a knee-jerk reaction or the right approach in today’s tough trading environment? Drapers analyses leadership strategy decisions.

Words by ANGELA RUMSEY

THE DRAPERS VERDICT

Today’s tough trading environment requires retail businesses to have the right leadership in place. Unsurprisingly, there is no one best route to take. The right decision depends on truly understanding the reality for the business at that time. Those battling for survival need experienced leaders to fight on their behalf. Those in a position where the focus is on continued growth need leaders who understand the new rules of engagement. Individuals who are aware of their responsibility to customer and employees, rather than those who want to be seen to be running a business, are always a better fit. Stability in the current retail landscape is a pipe dream, but taking the time to recruit and succession plan encourages steadiness in a dynamically changing environment. It is more important that the executive team melds together the types of experience needed, rather than focusing these on to one single leader. The leader’s role is to galvanise the senior team, which itself has to have the skills required for the business.

THE DRAPERS VERDICT

When you’re in the trenches, you have to bring in the right people: seasoned executives who know how to trade through hard times. Usually that means those who have been there before.” New Look’s decision to bring back Alistair McGregor as a safe pair of hands to sort out its immediate issues is widely cited as a positive example of leadership change for crisis management. The right decision for leadership may come from a financial stakeholder perspective.

“In some cases, CEOs are answering to a private equity partner, a board or a complex investment structure with multiple stakeholders. For those leaders, there’s no wiggle room,” says Tim Holt, CEO of consumer strategy consultancy Pragma. “Some legacy retail businesses are being presided over by leaders who understand the balance sheet and cashflow. Expansion and, if that’s the case, they need leaders who understand the balance sheet and cashflow. Businesses under stress are there is not enough time and money invested in engagement gained elsewhere to translate well in retail. In other cases, exits were simply the result of hiring methods, and CEOs who understand the way their businesses can play in that.

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“Clarity. “Some businesses are not facing up to the fact that they are in a burning platform.”

“Greatness comes from the top. Those at the helm have to bring the right people on board but remain in post.”

“Tough retail environments are no place for children’s games. It is more important that those in a position where the focus is on continued growth have leaders who understand the new rules of engagement. Those in a position where the focus is on continued growth need leaders who understand the new rules of engagement. Individuals who are aware of their responsibility to customer and employees, rather than those who want to be seen to be running a business, are always a better fit.”

“There is such a state of crisis in the industry that there is not enough time and money invested in leadership change. Businesses under stress are looking for leaders who know how to interact with their customers. Those in a position where the focus is on continued growth need leaders who understand the new rules of engagement. Individuals who are aware of their responsibility to customer and employees, rather than those who want to be seen to be running a business, are always a better fit.”

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