

The Next-Generation Retail CEO: mobilising an ecosystem of advocates

Retail is changing fast - and so is the leadership profile of the next generation retail CEO.

In contrast to the “merchant princes” who built the great retail businesses of the last century, the next-generation CEO will need to be a more skilled team builder who can create a culture of motivated collaboration. As digital and social media give individuals ever-greater choice and voice, the core role of this new CEO will be to create an ecosystem of “advocates” for their brand and their business - among not only customers, but also employees, suppliers and external partners, shareholders and communities.

This is the insight we took away from a recent study involving more than 40 retail leaders from around the world, including dozens of current and former CEOs, Managing Directors, Chairmen and HR leaders of major global retailers.

A far-reaching **digital disruption** is underway in retail businesses, reshaping everything from product development to supply chain to organisational culture. In addition, the rapid rise of e-tailing and social media is having a profound

impact on consumers' expectations, making all of us more informed, more demanding, and less tolerant of mediocre service and brand experience. To win in this environment, the top-down, centrally controlled approach familiar to so many retail businesses may not be enough to succeed. The great retail CEOs of the past century have typically been master merchants, product visionaries and brand builders - bringing deep expertise to the design, development, sourcing and merchandising of product. Many also used centralised management, combined with military-like rigor in processes and systems, to drive consistency, quality and simplicity across widely dispersed retail networks.

The retail organisation of the future will benefit from the initiative of employees dispersed across the business who will play a much greater role in building winning brands, driving product innovation, and delivering outstanding experiences to customers. Leaders will need to focus on creating flexible organisations that can think and act with agility to adjust to consumer needs and trends. We anticipate that these 'next generation' successful leaders will adopt a new approach and build new capabilities, if they too are to stay ahead in this new reality of retail. Those who succeed will accelerate innovation, delight customers, grow sales and value at unprecedented rates, and win the war for talent. However, those who stick to the pre-digital leadership formula of a singular top-down, centrally controlled approach could quickly lose the support of their customers, employees, and shareholders. Therefore, the shift needed is, in many cases, a radical one.

In the digital age, retail CEOs will need to be **categorically consumer-centric**. They will need to bring experience and agility in multiple functions, rather than merchandising alone:

To achieve this they will almost certainly, have had broader functional experiences leading up to CEO with likely stints in digital, branding, supply chain and stores. And they will need to drive a "speed agenda" in their organisations, accelerating everything from customer response, to recruitment, to product development.

Most of all, they will need to be **truly inspirational leaders** who can build collaborative teams and purpose-driven cultures to bring out the best from employees of many different backgrounds – from tech-savvy millennials to older-generation staff who are postponing their retirement.

This is why the creation of an ecosystem of advocates will be the core objective of the next-generation CEO. In a digital world where influence is widely dispersed and communication is instantaneous, this new CEO will no longer be able to rely on top-down branding, sales models or organising principles. Instead they will need to mobilise a broad network of stakeholders to advocate for their brands, products, and values.

What will this mean in practice?

For starters, the customer-centric CEO will invest deeply in understanding customers' needs and expectations – including how technology is changing their lives. This CEO will bring the curiosity to look beyond the boundaries of their own organisation and industry to detect new patterns in consumer behavior, and imagine new opportunities to surprise and delight customers.

The next-generation CEO will harness mobile and social technologies, and distill meaningful insights from big data, to shape customised experiences for individual consumers at speed

and scale. These could include tailored, location-based offers on customers' mobile phones as they enter stores, and online platforms enabling consumers to co-create personalised products.

To deliver on those customer experiences, the new CEO will need to be highly skilled at influencing and working across silos and orchestrating experts from many functions – from IT to product development to supply chain – as well as partnering with a wide range of external suppliers, technology providers, and even competitors.

Sounds complicated? That's because it is – which is why top-down leadership is unlikely to work in this new world. The next-generation retail CEO will be an inspirational communicator and a skilled facilitator, adept at building teams and giving people across the organisation a sense of meaningful purpose.

This new, non-hierarchical leader won't feel the need to be the smartest person in the room – but they will possess high EQ and know how to engage the ideas and talent of diverse employees, from product designers to tech engineers to customer service staff. They will also need the resilience to sustain personal and organisational motivation in a world where a single customer's negative experience can quickly “go viral” on social media.

Can all this be done? And where will today's Boards and CEOs find the next generation of leadership? And can they be developed within existing retail businesses? Our answer to both questions rests heavily on the concept of potential. In a world characterised by rapid change, future leaders must be identified on the basis not only of their experience but of their future potential. We believe the markers of

potential are curiosity, insight, engagement, and determination – precisely the qualities that will be most relevant to the next-generation retail CEO.

As retail businesses grow leadership talent for the future, they will need to cultivate these qualities by giving high-potential managers broad exposure across functions, brands and geographies. To support the transition to a new style of leadership, they can bring in external voices – for example, by creating Digital Advisory Board that include leaders of successful start-ups and experts on digital technologies and customer experience design.

Based on our conversations and our own experience in counselling CEOs, we are convinced that the role of mobilising an ecosystem of advocates will be at the heart of retail leadership in the years ahead. Retailers who win will be those that do this successfully while developing their high potential to do this for the future. We would love to hear your views.

Authors



Sophie Hanson

London
sophie.hanson@egonzehnder.com
+44 20 7943 1914



Brent Magnuson

Dallas
brent.magnuson@egonzehnder.com
+1 972 728 5945



David Campbell

Melbourne
david.campbell@egonzehnder.com
+61 3 9678 9622



Nina Peters

Malmö, Stockholm
nina.peters@egonzehnder.com
+46 10 2145804



Andreas Gräf

Düsseldorf
andreas.graef@egonzehnder.com
+49 211 13 999 18



Rohithari Rajan

New Delhi
rohithari.rajan@egonzehnder.com
+91 124 4638000



Raffaella Mazzoli

Milan
rafaella.mazzoli@egonzehnder.com
+39 02 86962 352



Lauren M Shin

New York
lauren.shin@egonzehnder.com
+1 212 519 6080



Ângela Antonioli Pêgas

São Paulo
angela.pegas@egonzehnder.com
+55 11 3039 07 18

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