

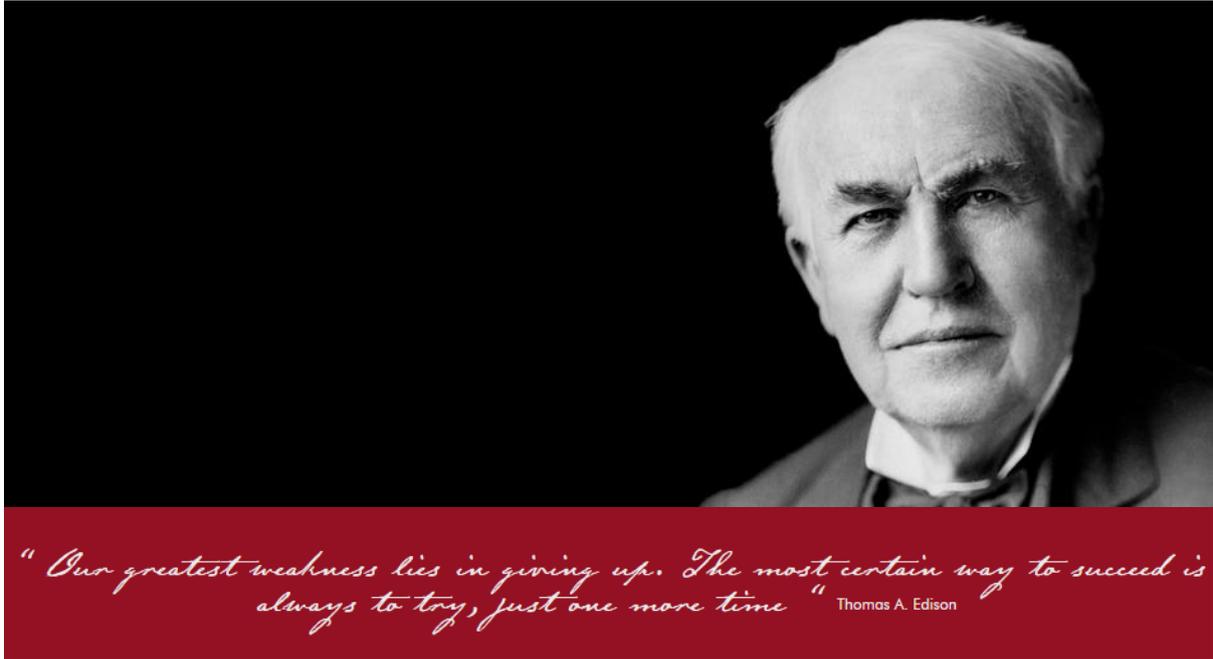


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Executive Search & Board Advisory

RETAIL – ARE OUR LEADERS THINKING DIFFERENTLY TO THE UNITED KINGDOM?



The financial year is over, the battle for the new year lies ahead and has commenced. A number of players hoisted the white flag, collapsed and found it too difficult last year. For those still fighting the fight, it is becoming a tremendous battle. With the likes of Amazon and other disruptors coming to our shores, the landscape is changing rapidly.

Historically, Australian retailers have tended to follow many of the United Kingdom's retail trends. So what are we seeing in regards to the United Kingdom retail leadership, and what are the backgrounds of the CEOs?

- Approximately 30% acquired most of their experience in store operations;
- 25% had worked for one retailer only in their career;
- Approximately 60% had little to no experience outside the retail sector; and,
- 90% were male, with 95% being Caucasian.

Australia is different to the United Kingdom in terms of population, density and distance. Australia is the largest island in the world with average to poor infrastructure, presenting a unique set of challenges.

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Data analytics, digital processes, artificial intelligence and improved technology will broaden the gap between the leaders and the followers in the competitive retail race. With the game changing so quickly, will the Australian Retail Boards' CEO appointments vary in competency from the United Kingdom and will they bring a different set of skills?

In October 2016, former Amazon Vice President, Sergio Bucher was appointed Chief Executive Officer of Debenhams. He brought with him a background that contrasts with the above, that is, an early career in manufacturing and in accounts, then marketing before he moved into retail. He worked for numerous companies across different countries prior Amazon, then Debenhams.

The appointment is an example of new thinking in a sector that has dramatically changed. One only has to review what has happened in the last decade in regards to payment, fulfilment, supply chain, logistics and omnichannel to acknowledge these developments. Now with artificial intelligence, robotics and deep analytics, there will be increasing pressure on CEO's to have a more comprehensive understanding of the current and future drivers to be in a position to ask necessary questions of the Executive team.

The CEO's management style may need to reflect the shifting dynamics. Leading a management team based on competitive silos in the large retailers again, may well be a style of the past. The Executive team is increasingly coming together as technology breaks down the walls. While each division need to achieve their KPI's and targets, greater collaboration as opposed to the more traditional adversarial nature of the retail team structure may deliver improved results. Retailers are learning very quickly that the competitor is no longer across the road or the other side of town, they can be anywhere in the world and can reduce their market share at an astonishing pace. Any retailer who has recently travelled to the United States, China, Western and Eastern Europe can appreciate the impact of technology in the market dynamics.

Today, the customer has more options than ever. They can walk to the shop, go to a super store, or buy online and can have the products delivered to the front door, and even collect them at a time that suits them.

No doubt, some retailers in Australia have survived because of their isolation. Not all Northern Hemisphere trends will apply, and our great country with its enormous expanse and small population brings different obstacles. Technology will continue to impact retail, and those that stick to the traditional retail sector thinking may pay a substantial price.

"2017 and 2018 will be eventful, the pace of change and the impact of international brands will increase. As such, the pedigree of the leadership will alter. CEO's will increasingly have to take into consideration the impact of technology, on potential lost and gained customers and with that, may have to surround themselves with a new breed of Executives. The new Australian retail CEO may not come from the pure retail sector, and perhaps not from an operations, merchandising or supply chain background. The Australian market is becoming global, and the vultures are circling," said Gregory Robinson, Managing Partner, Blenheim Partners.

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