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Finding Retail Talent in Twitter Era Adds to Challenges

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The Web has made a retailer's job hard enough with smarter shoppers skipping trips to the mall to order from home. Add hiring executives who understand this world to the list of challenges.

"I'm trying to find that needle in the haystack," Paul Blum, chief executive officer of clothier Kenneth Cole Productions Inc. (KCP), told a Bloomberg panel in New York this week. "Searches used to be relatively easy compared to the way they are today."

He's not alone. Executives from New York & Co. (NWC) to Gilt Groupe Inc. said they struggled to find managers who can crunch numbers, collaborate with colleagues and communicate with customers. Hiring the right candidates will increasingly matter because online sales are driving growth in the U.S.: Web retail sales jumped 15 percent during last year's holiday season, more than three times faster than revenue from stores.

Blum and Greg Scott, CEO of apparel chain New York & Co., recently hired a chief marketing officer and head of e-commerce, and it wasn't easy, they said. As more consumers shift to the Web for buying, browsing and talking about what they are buying and browsing, retailers need executives who can adapt quickly to shifting technologies while also having backgrounds in traditional sales and marketing.

"There's not a CEO on the planet who can tell you what their business is going to be doing five years from now, how and what amount -- it's complete fantasy," said Anthony Choe, a partner at private equity firm Brentwood Associates Inc. that has invested in retailers such as Zumiez Inc. (ZUMZ)

Finding Purple Squirrels

Online retailer Gilt Groupe has taken to calling the search for candidates of such acumen and experience as "finding a purple squirrel" because they don't exist, said Les Berglass, chairman of an eponymous executive search firm whose clients include Gilt and New York & Co.

In the past five years, placing talent with e-commerce skills has grown from 2 percent to more than 20 percent of his business, Berglass said. "Those executives who understand the intersection of technology and consumer culture and can translate that into a marketing strategy are becoming more valuable to their companies than their predecessors," he said.

"What you're seeing in the industry is the rise of the marketing leader to the general management, and eventually the CEO spots over the next five years," said Berglass, who pointed to Michael Francis moving from chief marketing officer at Target Corp. (TGT) to president of Plano, Texas-based J.C. Penney Co. last year as a sign of their increasing stature.

Rethinking Everything

Retail e-commerce spending jumped 15 percent to \$37.2 billion during the November-December period, according to Reston, Virginia-based ComScore Inc. (SCOR) Meanwhile, retailers' holiday sales gained 4.1 percent to \$471.5 billion, the Washington-based National Retail Federation said in January.

The growing influence of the Web on retail has companies rethinking more than recruiting. It's changing everything from customer service to board membership to organizational charts, the executives said.

Because shopping behavior is evolving so quickly, once-bureaucratic operations need to be more flexible, with fewer management levels, they said.

Apple Inc. (AAPL)'s iPad, released about two years ago, provides an example of how quickly technology can change shopping and how essential it is to have executives in place who embrace change, Choe said.

Disrupting Innovation

"You almost have to look for the mindset as opposed to the skill" because, with so much innovation disrupting retail, no one can be prepared for what's coming next, he said.

Retailers have to be more nimble because consumers are becoming better shoppers, with access to more information than ever before. They compare prices at will and can influence their peers' opinions for better or worse on Facebook, Twitter and Yelp. (YELP)

Wall Street should take more notice of a company's prowess with data as well, Blum said.

"The valuation of a company is so much based on the quality of their database, and I don't think a lot of valuation people even look at that," he said.

The other side of rising consumer power and influence is that retailers also have more information to cater to them, said Scott, the New York & Co. CEO. Last year the New York-based company realized a pair of jeans with more curves and a bell-bottom cut had great online reviews even though it wasn't a top seller. The company is responding by adding more pants of this kind.

"The demand for this was so strong that we believe now it's a much bigger business than it could have been," said Scott, who receives daily updates on what people are saying about the retailer on social media. "That would not have happened without seeing a response both on Facebook and online."