



Seven Key Traits of Transformational Digital Leaders

As Japan's e-commerce market continues to grow, retail companies are expanding evermore aggressively into digital. This expansion brings with it a rising demand for leaders who have the skills to guide companies through digital transformation. What does it take to be a transformational digital leader? And what traits should hiring companies look for in a candidate? In this article, successful digital leaders share the key traits that have allowed them to establish their companies on the e-commerce landscape in Japan.

HAVE A VISION

Digital will transform every part of an organization. The most successful digital leaders will have a clear vision of what that transformation will look like. "Don't make the mistake of considering e-commerce a POS system or functional tool. As an e-commerce leader, weaving vision into everything you do is your core responsibility. If you miss this core idea, you will not succeed," said a senior digital leader at a global sports retailer. According to another digital executive at a consumer technology company, this means envisioning how e-commerce fits into the organization's overall strategy: "It is important to understand the goals of the company and to think about how e-commerce can uniquely contribute," he said. In other words, there must be a clear mission and purpose for e-commerce that goes beyond digital and takes into account every part of the business.

With a guiding vision, e-commerce becomes much more than a sales platform. E-commerce sites showcase the company's brand and engage consumers with news on the latest products and promotions, with media content and marketing activities, and with interactive campaigns. "Retailers need to think carefully about the role of e-commerce," said the digital leader of a Japanese retailer. Digital executives should understand how web content can not only drive sales across channels, but also enhance brand recognition and increase customer engagement. If the goal is simply to drive additional sales, it might be more cost effective to sell through Amazon or Rakuten. "But if you build your own e-commerce channel, you can create your own media platform that shares insights and creates trends – and this can truly drive the brand."

INFLUENCE, EDUCATE AND COLLABORATE

E-commerce will impact everyone in the organization. “For e-commerce to be successful you need to have absolutely everyone on board,” said one senior digital leader. “Internal strife can be particularly destructive and wasteful of time and resources - and if you lose too many allies, your mandate risks shrinking to irrelevance.” Unfortunately, getting everyone on board isn’t always easy, particularly at more traditional brick & mortar companies. “Persuading off-line leaders is difficult, as they tend to think of e-commerce as a rival looking to snatch away their sales,” remarked a digital executive at a Japanese retailer. “At the same time, off-line are crucial to digital as they have a unique understanding of our customers. The key is to help them understand the unique value we can provide, while demonstrating what’s in it for them”.

Digital leaders must be able to effectively influence and educate, and ultimately to successfully collaborate with other key leaders across the organization. Influencing and educating can often mean countering misconceptions about e-commerce, which requires high levels of empathy, political savvy, and strong communication skills. One digital leader at a luxury brand overcame resistance to e-commerce by explaining how analytics would benefit diverse parts of the organization. “People are so used to

focusing on overall revenue numbers rather than the metrics that are useful for truly understanding customers. You need to help retail, merchandising, and marketing divisions appreciate the significance of clicks, conversion data, traffic behavior and all their implications.” At another retail company, an e-commerce leader showed store teams how digital could boost in-store sales through marketing, offering store staff incentives to sell inventory online when it wasn’t available on the shelves.

To enable collaboration across the organization, digital leaders must also be able to teach others the basics of e-commerce. This is especially important in Japan, where digital marketing is a more nascent concept. “In the US, the concept of marketing is well-established and digital can start on top of that common understanding,” said one senior digital leader. “But in Japan, the market itself is premature”. Current employees might not understand the importance of analytics, digital advertising and search engine optimization (SEO). “You have to translate the language of digital into laymen’s terms,” said a digital executive at a Japan-based retailer. “When infiltrating E-commerce into larger organizations I look for the fast learners with high curiosity levels, and leverage them as evangelists for getting the word out.”

HAVE TRADITIONAL BUSINESS ACUMEN

Technology makes e-commerce possible. But for digital leaders, traditional business acumen may trump familiarity with specific technology platforms. While platforms change quickly and technologies can be learned, the basics of business remain consistent. “Having a good understanding of technology is important. But understanding commerce, where you make your money, and being able to drill down on where that money comes from is more important”, said a senior e-commerce leader at a sports retailer. “A deep understanding of how the company works and operates, the customers, the supply chain and logistics, and the overall business model is key,”

added an e-commerce executive at a global Japanese retailer. “Without my prior experience on the commercial side, I could not have been successful in my current EC leadership role.” Another digital executive at a Japanese retailer said, “E-commerce is not only an Internet business. I spend considerable time negotiating with suppliers and thinking about issues such as quality control, labor costs, and supply efficiencies.” A digital executive at global consumer technology company commented, “The best e-commerce leaders are rarely “techies” but more often smart business people who could be successful anywhere, whose field happens to be digital.”

BE AN OMNI-CHANNEL EVANGELIST

Consumer behavior transcends channels. These days people frequently check prices online before heading to the store to make a purchase. Others prefer to examine an item in-store and then go home to purchase online. According to one senior digital leader, “Each channel forms a part of the customer journey,” with another online executive adding, “You have to apply digitalization not only to sales, but also to the core components of the value chain such as supply chain and product development.” To support a seamless omnichannel experience for consumers, e-commerce must be fully integrated with retail stores and other parts of the organization. “We need to ensure customers have the same great experience with us however we may be interacting with them,” said a digital executive at a Japanese retailer. “I call this “engagement commerce” - engaging people via digital, then giving them a choice of where to buy. For this to be possible, brick & mortar have to operate seamlessly with our online team.”

Retailers are increasingly allowing customers to purchase online and then pick up in-store. The more

savvy retailers ensure store staff are trained to check online inventory on behalf of customers, and to even proactively sell inventory that isn’t available on the shelves. Vice-versa, it is also imperative for online specialists to have an ongoing and up-to-date understanding of the physical store environment. “I tell my teams to visit a different store at least once a week, to look around, touch the products, watch the customers, to experience what they are experiencing,” said one e-commerce general manager. “Are we providing the same experiences to our customers online as in our stores? If not, then what do we need to change?”

One digital executive at a luxury brand commented, “I see half of my job as being in e-commerce, and the other half as showing other channels the opportunities we have for doing things differently. Opportunities that can only be spotted through our unique perspective in digital.” This executive added, “For me, success is defined as when people no longer see you as e-commerce. They see you as an alignment leader, or as “omni-channel”.”

CULTIVATE THE TALENT FOR TRANSFORMATION

Digital leaders must be adept at recruiting and developing the right talent. But in Japan, this can often be an uphill battle. According to a digital leader at a luxury brand, e-commerce for global companies in Japan requires a rare skill-set. “You need people who can be diplomatic, navigate the political landscape, who understand retail – and who are bilingual. This makes it very hard to find the right people.” Another senior marketing leader at a Japanese retailer observed that, because e-commerce is still relatively new, “the talent pool is still very small in Japan.” Furthermore, given the differences between online and more ‘established’ companies, gaps in culture and working style provide another challenge when it comes to attracting digital talent into traditional companies. “It is especially tough to hire in the best and brightest in digital when you do not have a top-tier brand name such as Amazon or Google.”

Yet bringing in talent from outside the region also has its challenges. “In Japan, professionals coming in from overseas expect a significant raise in making a move,” said a high-level marketing executive. “Finding and retaining the right talent has been immensely difficult...let alone paying for them.” Additionally, searching for internal talent from other areas of your organization can also have its own challenges. “Securing good talent from other channels was really tough. They perceived us as the enemy and often refused to cooperate, blaming conflicts of interest wherever they could”, said a digital executive at a global consumer electronics company.

The ability and willingness to persevere throughout the process of attracting, hiring, developing, and retaining the best and brightest while navigating internal and external landscapes, frequently against strong headwinds, can often define the difference between failure and success for leaders in digital.

BE AGILE

The way we do business is changing and evolving daily, and much of this shift is being influenced and pioneered by the world of digital. This requires the best digital leaders to constantly stay ahead of such change amidst an increasingly fluid and dynamic landscape. “Agility is key - the ability to learn and iterate as you operate your platform, and to notice and mobilize your team to act on an insight in real time”, commented a senior leader at a global sports retailer. Another digital executive who previously worked at a leading e-tailer said, “Speed is crucial - keeping up with the action cycle. We would typically receive the previous day’s business results on our mobile phones first thing in the morning, and need to have the next week’s action plan by the time we were in the office. It was that level of detail day-in and day-out.” Digital leaders need to develop their teams accordingly, training them to maintain speed and make decisions, “without focusing on past guidelines, sticking to the

rules, or getting stuck in the small details”, added an e-commerce leader at a Japanese retailer.

The best leaders need to have a passion for trying out new ideas and pushing the boundaries while being willing to take risks and make mistakes. “With digital, many of the latest technologies are not tried or tested. If you are risk averse and shy away from new possibilities, you will be left behind,” said a digital leader at a mass retailer. Conversely, e-commerce leaders also need to be open to learning from the more traditional areas of the business, sometimes incorporating more traditional ideas into EC. “Our store managers had been sending hand-written thank you notes to customers forever,” said one digital executive at a luxury brand. “We recently tried doing this for our EC customers, and it has proved to be a great success.”

KNOW YOUR MARKET

Every market is different. As a global brand in Japan, it is especially important to know your local consumers and their habits. A senior digital leader at a consumer technology company commented, “One aspect unique to e-commerce in Japan is the popularity of loyalty points as a marketing tool.” Thus, Apple, Google and Amazon offer loyalty points in Japan but not elsewhere. Another e-commerce executive added, “In Japan, Yahoo is strong whereas in China, Taobao is the main player - which impacts banner advertising. In Germany, people prefer PayPal to credit cards, which affects online purchase behavior. Japanese love points, whereas Americans prefer cash-back. Social media ads are highly effective South-east Asia, whereas not so much in Japan - and so on. You have to localize your approach heavily according to where you are.”

Customer expectations also need to be taken into account. “In the US, same-day delivery is special whereas in Japan it is simply expected. Japanese also expect a high level of quality and customer service in general, which changes the way companies do business here,” said a digital leader at a luxury brand in Japan. “Expectations around quality are very different in Japan. There is a different perception of scalability in the US and in Japan,” said one senior marketing executive who has worked in both countries. “At US headquarters they wanted us to move towards full automation – but my local team in Japan wasn’t willing to do so as they worried about demand spikes and exceptional cases. Japanese customers are highly detail-oriented and complain about minor product details - things people in other countries simply wouldn’t even notice or care about.”

THE FUTURE OF E-COMMERCE IN JAPAN AND GLOBALLY

What’s next for e-commerce in Japan and globally? While technologies will continue to evolve, the smartest companies will continue taking advantage of the strengths of both human talent and digital platforms. “Successful e-commerce will be a hybrid of humans and systems, where what people are great at – initiative, empathy, intuition, analysis and whim – is given room to improve what systems are great at – scale, predictability, reliability and data storage,” said one digital leader. Another digital executive at a Japanese retail company said, “The key for success in EC will be the ability to effectively combine offline and online. The brand has to evolve into a media platform in its own right, adding value beyond just selling products, and displacing TV, newspapers and magazines from their traditional territory.”

The most effective e-commerce platforms may be those that do not “push” the consumer towards a purchase so much as create an engaging online environment that excites people about products and helps them make informed bespoke purchasing decisions. Zozotown’s WEAR app allows fashionistas to upload items they are sporting, which readers can view and then purchase on Zozotown’s platform. “The process is all very natural, and as a result WEAR is beating out mainstream magazines as an information source for young people interested in fashion,” said one marketing leader.

As digital continues to evolve and disrupt, the demand for executives who are able to harness the power of e-commerce while making sure the other moving parts of the organization are fully integrated and not left behind, will continue to rise. Given what it takes to be a transformational digital leader in today’s world, companies will need to demonstrate increasing resourcefulness, creativity, as well as flexibility and determination when looking to hire and retain the most impactful digital pioneers for their businesses in Japan.

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