

A new playbook for high-performing retail CEOs

The past several years have put the retail industry through the wringer. Macro factors, including geopolitical volatility, generational changes in the workforce and increasing stakeholder expectations, have created a highly dynamic and challenging context for retail leaders. Compounding this issue is the rise of technology, obliterating business boundaries and accelerating change.

While these complicating forces largely apply across industries, retailers have an added challenge: the continued growth of technology and e-commerce is blurring industry lines. Retailers are no longer vying for customers with just their peers; they are competing across industry lines on innovation, customer experience and workforce value propositions. To succeed in this landscape, retail leaders must be high performers, an evolving concept that requires a willingness to challenge traditional ideas. But what does it take for leaders to navigate this landscape successfully?



The world feels more fragile than any time in recent history; leaders have to understand the risks and their impact.”

JUDITH MCKENNA
FORMER CEO AND PRESIDENT, WALMART
INTERNATIONAL



To find out, we spoke with 10 current and former retail CEOs globally, most of whom are advisory members of the World Retail Congress. From those conversations, two key insights emerged.

- » To pursue rapid change and innovation, leaders must have strong internal alignment and clarity around values, vision and strategy.
- » High-performing leaders are distinguished based on their “beneath-the-surface” qualities, which fit into two categories: capacity — what leaders can do — and character — how they respond when dealing with new challenges or the unknown.

Retail leaders carry a lot on their shoulders, but CEOs need not chart a path forward alone. Instead, they can leverage their internal and external ecosystems — their resources, stakeholders, customers, workforce and communities. These networks not only help leaders perform well but can also remind them of their greater purpose. Leaders who remember who they serve and why can maintain relevance in the current business landscape and beyond.

A changing retail landscape

Several complex forces are reshaping the business landscape, though their impact varies depending on the business context. CEOs and their boards should keep these trends in mind and consider how they will affect company strategies, succession planning and leadership development and the workforce. We highlight these trends on the following page.

The changing context

There are four trends raising the stakes for retail companies and their leaders.

Macro forces — including inflation, increased competition from e-commerce and complex supply chains — lead to disruption and rising risk.

“In this landscape, transformation strategy is becoming crucial. We have to be able to create disruptive models loyal to our assets and connected to the future. The issue then will be to balance long-term strategy with tactical issues as they arise.”

JAUME MIQUEL NAUDI
PRESIDENT AND CEO, TENDAM

The rapid evolution of data and analytics capabilities, such as artificial intelligence, is accelerating innovation.

“The transition from a traditional to digital business was inevitable. We evolved into a multicategory business, securing a unique position in the market. Now, 70 percent of Magalu’s commercial operations happen online.”

FREDERICO TRAJANO
CEO, MAGALU

Social media platforms, such as TikTok, are rapidly changing customer behaviors and expectations.

“We need to understand how to serve younger customers who are in their twenties and think completely differently about the services they need. We have to make changes to serve the next generation of customers; we must be inclusive and understand them well.”

YING XU
PRESIDENT AND
EXECUTIVE DIRECTOR, WUMART

Market volatility is increasing stakeholder scrutiny on public companies.

“The pressure on listed companies is increasing because the stock markets have been very shaky, creating volatility and an aversion to risk. Every question you get as a leader is filtered through a risk matrix from the stakeholders and eventually leads to a certain view or evaluation of your company.”

ALEXANDER LACIK
CEO AND PRESIDENT, PANDORA

Build the foundations to accelerate change and innovation

In a highly dynamic environment, the most effective organizations will become more agile in sensing and responding to changes in the business context. Leaders can build adaptability by inspiring and engaging their organizations through strategy, purpose, values and culture. These elements can guide the behaviors and decisions of people so they are more flexible and responsive to change. But how can retailers become more agile? In the words of Jaume Miquel Naudi, president and CEO of Tendam: “The company’s culture is what guarantees the necessary speed and agility to face the changes that the market requires.”

Company culture is often set from the top down but informed by input from across the organization. Pandora CEO and President Alexander Lacik said that when his company crafted its values, leadership made it a point to gather input from employees across all functions. The team then synthesized those insights into shared company values. Those values informed how leaders behaved and helped articulate the purpose of the business. Having shared values also ensures that the leadership team can approach strategic decisions quickly without too much back and forth. Indeed, during the pandemic, Pandora’s leadership team was able to act as one and execute ideas quickly because they were galvanized around a shared vision, purpose and values.

Purpose takes the spotlight

Our analysis of leadership styles of retail CEOs confirms the move away from a directive style to one that focuses on empowerment and purpose. In fact, over the past several years, we have seen more CEOs with [leadership styles](#) that score higher on **Purpose**, which emphasizes shared ideals and contributing to a greater cause. Meanwhile, the **Authority** style, which emphasizes confidence and dominance, has become less prevalent.



Employees are also more likely to trust leaders when they see them consistently act in accordance with company values and include teams in conversations on change and why it’s important. Furthermore, people might be less likely to resist change if they know why it’s happening and how it aligns with the company’s overall goals. In short, where leaders lean in, energy will follow.

Cultivate a robust board partnership

Boards play a critical role in capturing innovation opportunities by acting as a sounding board on the company's strategic vision. Indeed, the board's goal is to ensure that the company performs to the best of its ability and meets shareholder — and stakeholder — expectations.

The board should challenge the CEO to think big and prevent the business model from becoming static. Hani Weiss, CEO of Majid Al Futtaim Retail, said that the most significant role of the board is to keep up with the pace of change. And boards need the right expertise around the table to do that. "Ideally, companies should refresh boards every three or four years. Everything is changing quickly, so that board experience that was relevant at the time may not be fit for purpose anymore." For some boards, this may mean specialized expertise, for example, a director who understands the impacts of artificial intelligence and [advanced analytics](#).



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HANI WEISS
CEO, MAJID AL FUTTAIM RETAIL

Clarity can guide decision-making

Clarity of purpose inspires employees, engenders customer and investor loyalty, and provides the foundation for long-term, sustainable financial returns. However, a clear decision-making framework that aligns with company strategy and values can also help leaders move quickly and capitalize on innovation. Tendam's Jaume Miquel Naudi says that his company uses a framework to guide decisions around how and where to implement technology. For example, technology that impacts sales, such as customer-relationship management systems, is most important, whereas investments in process digitization are not as urgent. Of course, each company's priorities are different. But having a process for decision-making can help retailers move quickly, which can be a competitive advantage when it comes to technology.



Find leaders with the capacity for growth

Our previously published article, "[Leadership for a Complex World: Planning for the CEO of the Future](#)," explored several vital beneath-the-surface attributes for leadership success. Our conversations with retail CEOs reinforced the importance of those qualities, such as adaptability and resilience. JD Sports CEO Regis Schultz said, "The pace of change is so rapid, it's increased the need for leaders to adapt in the moment." These conversations also affirmed the importance of functional skills such as an aptitude in digital and analytics and financial acumen.

The breadth of attributes discussed in these conversations highlights a broader shift: CEOs of the past were more authoritative and directive whereas now effective leadership emphasizes empowerment. Furthermore, many of these critical qualities point to the importance of a leader's capacity, or what they can do. In a world where challenges arrive early and often, several attributes will be imperative.

Frequent, consistent communication

Strong leaders are excellent at communication. They do so consistently and frequently through email, in person and other channels. Jaume Miquel Naudi stressed that leaders should err toward over-informing and providing context as to what is being asked for and why. To be sure, frequent communication is time-consuming, but tensions often arise in companies with communication gaps. As Judith McKenna, former CEO and president of Walmart International, explained, "Be as transparent and frank as you can. People should understand why resources are pointing in one area."

Furthermore, strong communication skills can have a lasting impact on the organization; leaders who model good communication set the expectations for those who follow them. When assessing future leaders, organizations should consider individuals' communication skills and their capacity to develop them.

Support and accountability

Influential leaders have the capacity to support their teams and maintain the energy of the organization. They find ways to publicly celebrate successes and build morale. These leaders also know how to build accountability and when to step in, or not. According to Naudi, "The CEO must know how to modulate the pressure on the team. Pressure and continued change have to be part of the culture, and part of the teamwork shared by all the organization; they cannot be only one-way." Supportive leaders can also help teams see that there is a path forward, especially when things are challenging.

Leadership can also go a long way toward addressing high turnover in retail, especially on the frontline, and across [management as well](#). Leaders should find ways to empower teams, give them learning opportunities and build accountability. But it's the beneath-the-surface qualities that can make the biggest difference, according to Roy Bagattini, CEO of Woolworths: "Ultimately, it comes down to leading with greater compassion and empathy so that employees feel safe enough to make mistakes and learn."



Systems thinking

High-performing leaders are systems thinkers. They understand how different ideas are interconnected and can also distinguish important trends and ideas from the noise in the market. In the words of Frederico Trajano, CEO of Magalu, “Future CEOs should understand broader systemic dynamics and be alert to technological trends. They must value system thinking and demonstrate proficiency in digital literacy.” Systems leaders exhibit several attributes: problem-solving, adaptability, communication and the ability to synthesize and distill critical insights from volumes of information.

Furthermore, systems thinkers can connect the dots and see how decisions and ideas affect the big picture. They can comprehend different perspectives and consider all angles of a problem. Systems thinkers also know when to take risks that will likely pay off and when to stay the course. They take time to assess their business and decide what should stay the same and what should be changed, challenged or developed. Without these skills, leaders can get lost in the weeds, swayed by every trend and external force rather than focusing on the ones that really matter for the business. They may be too reactive or slow in making decisions because they cannot decipher what is important.

Open-mindedness and a curiosity for learning

The CEO should bring people together and be curious about different perspectives. The consultative CEO values others’ opinions and wants to learn more. However, open-mindedness is an underdeveloped skill in most leaders. The good news is that future leaders can build their capacity to be open-minded and curious. They can challenge themselves to ask more questions and learn how to ask good questions that convey curiosity and ease rather than intimidate. The open-minded and curious CEO also takes time to interact with different people across business functions. Julian Diaz, chair of Telepizza, says, “The leader must question everything and every day; this forces them to rethink everything.” Critically, curious and open-minded leaders tend to be good systems thinkers.

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Executive Intelligence: What underlies the new retail CEO attributes

The core aptitudes underlying systems thinking, open-mindedness, a desire to learn and supportive leadership are measured by Spencer Stuart's [Executive Intelligence® evaluation](#). It assesses executives across three primary dimensions:

- » **Critical and conceptual thinking:** analytical problem-solving skills and big-picture, long-range thinking
- » **Self-evaluation and adjustment:** flexibility and willingness to adapt based on new or differing information and perspectives
- » **Interpersonal and social awareness:** ability to navigate small-group and complex multi-stakeholder interactions

Ideally, a leader would have all these skills in spades. However, that's a lot to ask of one person. The CEOs we spoke with acknowledged that finding someone who exhibits every important attribute can be difficult. Yet leaders with most of these qualities tend to be those with the most exposure to different business areas. Julian Diaz of Telepizza says when training people for leadership roles, he puts them in situations outside their comfort zones to see how they rise to the challenge. His company also provides coaches to help people improve in areas where they are less confident. CEOs and other executive team members can help fill in gaps by becoming orchestrators, building a leadership team that collectively possess all the necessary leadership attributes.

Of course, context matters when selecting and developing leaders. Pandora's Alexander Lacik recalls that when he started at the company, the leadership team prioritized people with more of an appetite for risk who could get things done no matter what. The retailer's situation has shifted, and today needs people with solid collaboration capabilities, given the complexity of the opportunities and challenges in the sector.





The retail landscape is changing in ways that are making leadership more challenging. Ultimately, however, customers, shareholders and employees want a healthy company that has a positive impact on its communities. Beyond financials, stakeholders want to know that a company's priorities align with its values. Therefore, as future leaders navigate this complex business landscape, they should ask: Am I doing good? Am I connected to the people I serve? Would I be happy with my decisions around technology or innovation if I were on the receiving end? "How your ecosystem develops is based on how you operate," says Judith McKenna. This is especially true during times of hardship. Falguni Nayar, founder and CEO of Nykaa, said that during the pandemic, "When companies were laying off employees to save costs, we insisted on zero layoffs and continued to support our staff. We also supported local communities via corporate social responsibility benefits; we were grateful to have the opportunity to give back."



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FALGUNI NAYAR
FOUNDER AND CEO, NYKAA

If leaders can focus on answering these critical questions and maintaining a strong community, they can navigate the unknown with a robust support system in place.



Interview participants

- » **Roy Bagattini**, CEO, Woolworths
- » **Julian Diaz**, Chair, Telepizza
- » **Alexander Lacik**, CEO and President, Pandora
- » **Judith McKenna**, Former President and CEO, Walmart International
- » **Jaume Miquel Naudi**, President and CEO, Tendam
- » **Falguni Nayar**, Founder and CEO, Nykaa
- » **Regis Schultz**, CEO, JD Sports
- » **Frederico Trajano**, CEO, Magalu
- » **Hani Weiss**, CEO, Majid Al Futtaim Retail
- » **Ying Xu**, President and Executive Director, Wumart





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