

Consumer & Retail

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# MAXIMISING THE OPPORTUNITY REQUIRES INVESTMENT IN PEOPLE

By Melissa Reed





## Crisis Creates Opportunities – A People Led Recovery

These are revolutionary times for retail with Covid-19 having accelerated some fundamental trends across the sector. This has in turn created a fertile environment for the most able executives to set themselves apart and boldly chart a course for a successful, digitally-focused future.

The past year has certainly rocked the retail boat and the ramifications are being felt widely, including a realisation that the crisis has created great opportunities as well as challenges. These are right now being grasped by the sector’s most capable leaders and so in order for companies to take full advantage of the new retail landscape they must seek to invest in these sorts of individuals.

There is no escaping the fact it has been a truly awful time for the industry but some CEO’s have highlighted how invigorating it has been. They have been able to think differently and to push through change at rapid pace. They’ve also been able to initiate these changes without necessarily seeking board approval. Such actions have arguably been swept under the Covid-19 carpet.

Many three-to-five year plans have been executed in a mere year. It’s been a period of revolutionary disruption that has not necessarily taken the industry anywhere different but it has absolutely got it there quicker. A consequence of this is the concertina effect on store

closures we’ve experienced over recent months. To seasoned industry watchers, none of these failed businesses have been a surprise. They were failing before and Covid-19 has tipped them over the edge.

All retailers that have survived face challenges for sure. Leaders now have to accept the fact they might well be running an organisation that is simply too big, with too many people employed across declining sales channels. There are question marks over the futures of senior store-based and head office staff who have been on extended furlough. Digital has replaced much of their revenues.

The spotlight has instead shone particularly brightly on Chief Digital Officers and the leaders of e-commerce departments. They’ve been important historically, of course, but this past year has elevated them to positions whereby they are now heading up the primary engines of retailers.

This dramatic shift in the focus of channels means some tough decisions have to be made by senior executives. How do they square increasing the headcount in one area while at the same time losing people in other departments?

There is certainly no playbook for a pandemic. Covid-19 has been a great leveller – from the Chair to junior team members. We’ve heard from boards and HR leaders about how much they have learned about people, with plenty of surprises on both the positive and negative side. People have fallen back on their intuition, resilience, agility, and their ability to pivot business models.

Pivoting, as well as dramatically pushing forward pre-Covid-19 plans, has been of great significance this past year and has marked out those progressive firms with bold leaders from the timid, also-rans. We’ve seen the emergence of new DTC (direct-to-consumer) and platform/marketplace models.

Here in the UK, Boohoo, The Hut Group and Asos have been particularly active in acquiring new brands and bringing them onto their growing platforms. They have been joined by Next, which has recognised the value of building a broad marketplace of brands beyond its own proposition. Marks & Spencer has also joined the party. These are once-in-a-lifetime opportunities to move businesses forward.

Against this backdrop of great change and unpredictability there has been increased employee stickiness to organisations as people have been reluctant to move. But this was very much a feature of 2020 and we expect this to change this year to reflect the pent-up appetite for making a move.

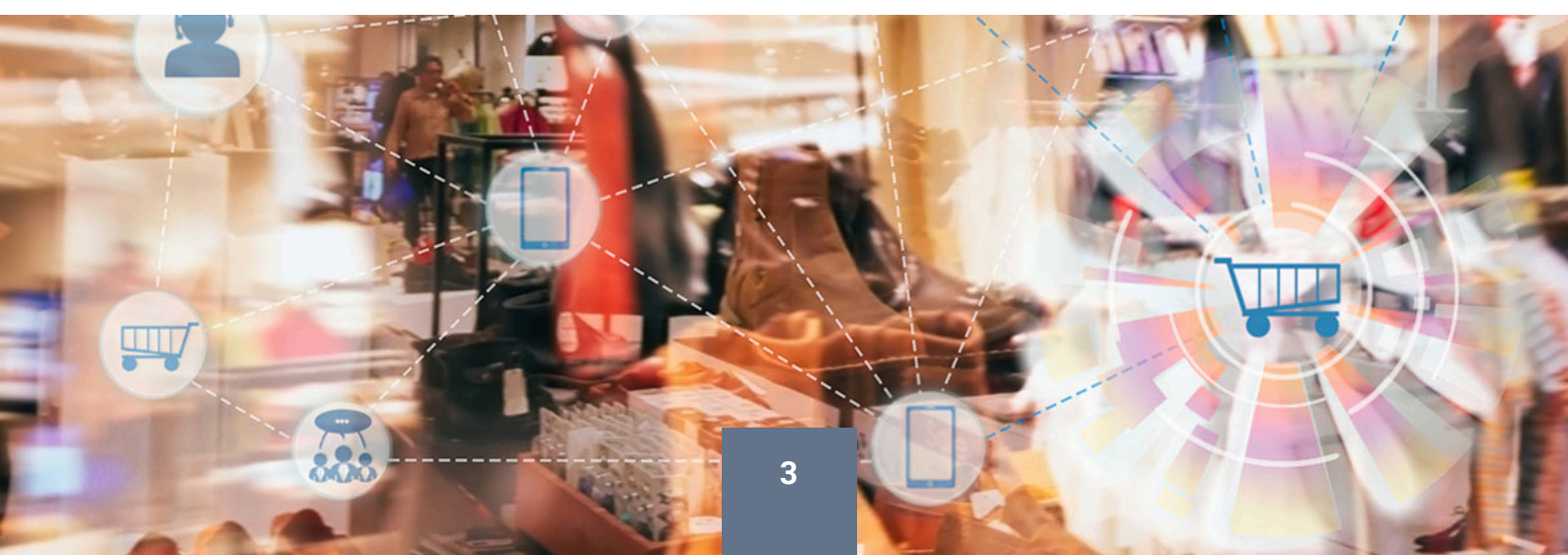
The continued lockdown of 2021 has started to fracture even the strongest of cultures and retention should be at the top of any business agenda.

Adding to this dynamic is the myriad companies that are now questioning if they have the right people in the right places. This will be further fuelled by the inevitable raft of restructurings that will be a feature of the retail sector over the forthcoming months.

Many companies will find they do not have the necessary talent internally and will have to go into the open market to secure the relevant skills and the resources to win in today’s new digitally-led environment.

Critically, they need to get their timing right. Great care has to be taken when investing in people to ensure the right leadership and capability is in place to be able to seize the opportunities that will come with recovery. But this must be balanced with the optics of hiring when furlough, redundancies and closed stores are affecting others in your organisation.

Despite the harsh backdrop as we entered 2021, there is no doubt that this year represents a period of great possibility. Fundamental to this will be investment in talent because only those businesses that have bold and forward-thinking senior people in place will be able to maximise this tremendous opportunity.



## About H.I. Executive Consulting

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