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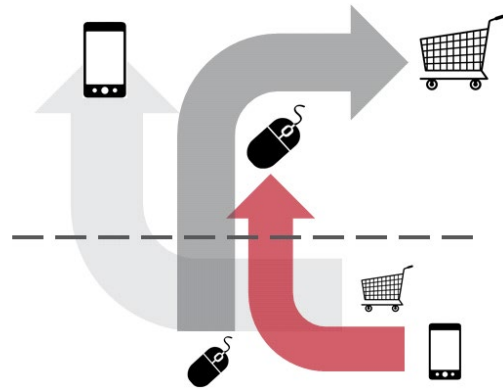
Omni-channel:
In Search of the
New Champions

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Leaders For What's Next

Omni-Channel

In Search of the New Champions

In Canada, a large and venerable mass-merchant faces a serious rethink if it is to install Customer Centricity in a shift from 'art' to 'science.' In China, the e-commerce team of one of the world's most renowned retailers is confused and frustrated by constant changes in strategic direction.

From the Agora of ancient Ephesus, to Ming Dynasty Macau and Victorian Covent Garden, retailing is perhaps the world's oldest industry. Today, it is undergoing a paradigm shift. Even the most proficient leaders face a host of challenges in the quest to compete in the omni-channel race.

In this article, we set the scene, report from the talent management frontline and present the ideal profile for that most elusive of candidates – the omni-channel champion.

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From Transaction to Journey

How can established retailers join the dots between traditional and evolving transactional forms and create a win-win for all? It seems like a simple enough question. The starting hypothesis seems simple, too: traditional business functions in isolation can no longer satisfy customer needs. Yet finding the answers is no easy matter. To connect with all the touchpoints in the customer journey, retailers must interrogate and overhaul their functional structure to create a process-oriented, omni-channel engine. This engine (also multi-channel, cross-channel, or no line) is deprioritizing employees' functional *goals* in favor of an end-to-end, omni-channel *mission*. As we shall see, organizational design is only the start of the problem.

Need For Speed

Many classic retailers still operate relatively separate commercial channels. Mail-order, brick and mortar, e- and m-commerce. Almost all are under pressure to change. Yet the transformation typically takes three to five years - a time span highly influenced by 'make, buy or partner' decisions.

Whatever the choice, the biggest leadership challenge lies in mobilizing individual business support functions and employees towards an end-benefit goal. It means basing *business* performance on *process* performance, engineering strategic and operational targets enabling both management and employees to align around *customer lifetime value*. Make buy or partner decisions call for different leadership skills. Where – and how - can these be found?

Needles and Haystacks

Given the proliferation of multi-channel activity, first-class leaders in the discipline are highly sought-after. On their list of selection criteria we find items such as a strong brand, customer benefit focus, a 'done is better than perfect' culture and a powerful employee value proposition.

These 'omni-channel champions' also expect a compensation model aligned with customer life-time-value assessment.

Finding such leaders can seem like finding the proverbial needle in a haystack. As such, the search strategy needs to be as innovative as the people it seeks, and include less-than-obvious fields. For example, a computer and accessories retailer might consider a CRM-manager in the surgical instrumentation sector.

A 'more of the same' approach can also appeal to candidates – an offer of career development via the translation of a given role from a smaller to a larger organization - and with this, a broadening of scope.

Unfortunately, identifying and attracting true omni-channel champions, already difficult, is not helped by relentless time pressure and this can all increase the risk of casting errors. Executive search firms need agility, focus and expertise in the field as well as a market position that gives them the best chance of overcoming crippling off-limits constraints.

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Canada

New paradigm, new mindset

An $11 billion mass merchant has a rich heritage, multiple banners and a combined corporate/franchise business model. Competition has intensified over the years, demanding that the company must reinvent itself if it is to maintain its historical dominance. The most critical strategic initiative has been the creation of a customer-centric business model. Throughout the journey, the company has faced strong headwinds from an organization that is being asked change from an 'inside-out' to an 'outside-in' perspective.

Amrop Knightsbridge Partner Lisa Knight met with the company's Customer Marketing and Digital Leaders.

Amrop: What does Customer Centricity mean and how does it relate to omni-channel retailing?

Customer Centricity means having a single view of the customer, regardless of how they want to shop. We would say that we want to be everywhere the customer is – all the time. So it cuts across all channels (in store, mobile, ecommerce/social media, etc.)

Amrop: How do you get customer information and what do you do with it?

Firstly, we need to recognize that we have historically been a merchandising organization pushing product out to the customer. Now we are looking to be guided by the customer before merchandising decisions are made. We want one common customer view that cuts across all of our businesses. Our loyalty program was one of the best in the world but it was anonymous – we didn't collect any customer information. Now we have a similar program attached to a credit card that gives us a point of view into each and every transaction that is happening at store level and on line. It gives us mountains of information that we can dissect and analyze to create a customized/personalized customer strategy.

> "Firstly, we need to recognize that we have historically been a merchandising organization pushing product out to the customer. Now we are looking to be guided by the customer before merchandising decisions are made."

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Amrop: Which customers do you most care about?

It is impossible to create programs that address every single customer's needs. We want to focus on our most loyal customers – those that shop with us all the time. We want them to feel special and to give them a truly differentiated experience. Once we have mastered that, we will move to other levels of customer – those that are more opportunistic.

Amrop: What challenges did you face in getting support for Customer Centricity?

As a merchandising-led company, a Merchandising Manager would source product and get it to the market. We are turning that concept onto its head by saying "here is what the customer wants – now go and get it." Marketing is getting ahead of the merchants – it is at the beginning of the conversation. Let's face it, it hasn't been an easy journey. We have been working at it gradually for the past five years. We needed a rallying cry around chasing the Loyal Customer. Then we translated that into decision making. Our CEO was very supportive and enabled us to succeed. Our merchants have also become advocates.

> "Retail was definitely more of an art than a science in days gone by. Merchants had to get the right feel for the product assortment and used their gut to drive their decisions. Our new world dictates a very different skill set."

We have a structural challenge with our franchise model. Our franchisees understand that omni-channel retailing is the way of the world but it will likely mean a decline in foot traffic. We need to ensure that everybody wins with our customer centric model and that we don't erode our franchisees financially.

Amrop: It takes a different type of person to succeed in this environment. What are the emerging competencies that characterize customer centricity and the omni-channel world?

You are quite correct. Retail was definitely more of an art than a science in days gone by. Merchants had to get the right feel for the product assortment and used their gut to drive their decisions. Our new world dictates a very different skill set. Competencies are:

- Agility (ability to move quickly from one situation to another and able to deal with multiple, sometimes conflicting objectives)
- Critical Thinking (ability to analyze, synthesize, and evaluate information to inform decisions)
- Influencing and Negotiation (ability to affect points of view without control)
- Broad Business Acumen (understanding how multiple disparate functions connect to build interdependencies - more than a functional expert)

What does success look like?

Success is simple – more loyal customers shopping with us more often.

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China

Big potential, small talent pool

The 2009 financial crisis activated a wave of online exploration by offline players in China. Manufacturers Lenovo, Founder, Haier, home appliance retailers Suning and Gome, food players COFCO and Li Ning and Seven Wolves in apparel– all took the plunge. A new chapter in China's e-commerce had begun.

成功

Established in China is one of the world's largest traditional retailers. Like many peer organizations evolving into an omni-channel model, it now faced a choice - to build its own e-commerce business capability - or acquire. In 2011, the retailer tried to build its own team, deploying an e-commerce head from its global headquarters and hiring an e-commerce team in China. Trouble quickly ensued as the team grew frustrated by multiple and conflicting strategic directions. In early 2012, the project was suspended – and the head of e-commerce replaced. As an alternative strategic approach, the company increased its holding in a local online retailer, making the local retailer its e-commerce arm in China.

Here we present the profile of the head of e-commerce.

- An independent, mature and hands-on e-commerce professional with in-depth understanding of China e-commerce and retail
- A e-commerce leader who can shape the business road map of our e-commerce in China in line with global standards and local wisdom
- Proven in the development and implementation of China e-commerce growth strategy and a track record in building e-business in China for e-retailers, dealers or platform owners
- Proven skills to develop e-commerce infrastructure and system, such as logistics, call centers etc.
- Maturity and tact to interact well with key stakeholders, which includes merchandising, supply chain, IT, finance, public relations and global central e-commerce teams, etc. to leverage on the internal capabilities
- Solid leadership capability to team building, to coach & grow the team into a full-fledged organization
- Systematic, open-minded, good communication skills, a high-level of business conscience, and fit with our organizational culture

The ideal candidate would have extensive experience with a multinational e-retailer, internet dealers, or related sectors. He or she would need an entrepreneurial mindset and the relevant leadership and business management attributes. Yet the search would be difficult. For, despite intense activity in omni-channel in China, the local talent pool is small. People with excellent market exposure thanks to track records serving agile players (such as dangdang.com and JD.com) often lack the language skills and international scope to thrive in a multinational structure. Others may present the skills but demand competitive packages, having been offered stock options by high-tech players such as Tecent or Baidu.

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Profiling the Omni-Channel Champion

As businesses worldwide reconfigure around the omni-channel model, Amrop's search activity is intensifying to meet rising demand for exceptional talent. In this final chapter, we synthesize a selection of profiles to go beyond the headlines and investigate the underlying leadership skills of the omni-channel champion.
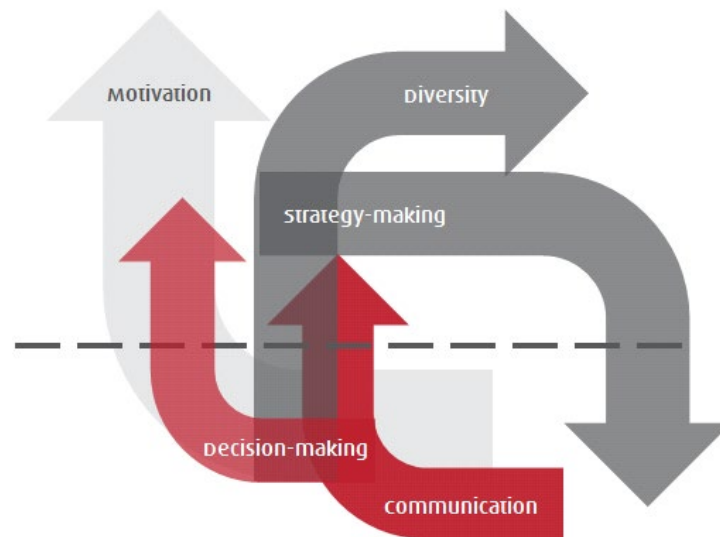
Communication

Omni-channel leadership demands dialogue with all parts and levels of the organization - multiple locations and platforms each with unique dynamics, customer expectations, challenges and profiles. The omni-channel champion is acutely aware of the problems raised by employees and customers alike.

Technological literacy underpins that dialogue. In the omni-channel environment, the geographical dispersion of platforms and divisions limits the frequency of face-to-face encounters. Platforms such as Skype, teleconferencing and texting are becoming the norm. Still, using them effectively – and transcending their limits - demands stamina, perseverence and skill.

One of those skills is active listening. Already a business essential, this finds its fullest expression in omni-channel leadership. Employees facing unfamiliar problems and challenges may find it

difficult to articulate what is really going on. Listening for what is unsaid, as much as for what is said, together with compassionate and objective analysis, all enable the omni-channel champion to get to the nut and devise the right solution together with the team. Ensuring, too, that success, as well as failure, are integrated into learning and innovation.

Decision-Making

The potent mix of complexity and urgency characterizing the omni-channel environment might suggest the need for directive leadership. Yet collaborative decision making - cross-company, cross-functional and cross-generational – is essential. This is because multiple business platforms make for a rich diversity of employee and customer profiles – also generational. Incisive decision-making means sharing and combining their perspectives and experiences – then inspiring and sustaining common movements.

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People Management and Motivating

From work psychologists to business practitioners, few dispute the need for goal setting. Omni-channel retailing is no exception and the omni-channel champion knows how vital it is for all team members to share clear key performance criteria. However, and as we have seen, those performance criteria and related culture may be shifting with the introduction of the omni-channel model. Given the diversity of channels and platforms, it is easier to track targets and performance in a clear and objective way if these are set and communicated clearly upfront. Yet goal setting in a shifting and ambiguous landscape, as we see in the example from China, is particularly tricky. And introducing the right amount of stretch is a fine art. Apply too much stretch in ambiguous environments, and goal setting may harm, rather than help.

Paradoxically, autonomy is key to ensuring that employees from different business platforms collaborate. Younger generations and new entrants need to be involved in decision making and want to try – and exchange - different techniques and ways to achieve their results. Accordingly; after setting clear targets and goals, the omni-channel champion provides room for maneuver for employees to do this. This means adopting multiple roles - from boss, to coach to mediator and facilitating the freedom and autonomy of team members to reach their targets. Doing so demands self-control, big-picture thinking, and above all, trust.

Fortunately, the omni-channel champion is a strong mutual trust-builder and supports the growing need for individualization – a key factor for employee loyalty and motivation.

Accordingly, recognition, self-direction and work-life balance are all becoming equally, if not more important, than pay and promotion. So the omni-channel champion is also an architect – one able to redesign work processes and performance criteria to better suit individual needs and preferences. This requires fostering stronger personal relationships with and among the team members. To nourish personal trust, the omni-channel champion takes the time to develop relationships with employees beyond the work environment.

Cultivating Diversity and Adaptability

As we have seen, the omni-channel environment not only brings out diverse business platforms, but diverse employees, ways of doing business and cultures. The omni-channel champion adapts and nourishes diversity, due to a sincerely-held understanding and support of what it can bring.

Ambiguity tolerance is a further quality of the omni-channel champion. He or she relishes experimentation and gains positive energy from handling the multiple variables it raises.

Conceptual awareness and Intellectual curiosity

These facets of emotional intelligence aside, the omni-channel champion is a superlative strategic thinker – demonstrating high contextual and conceptual awareness. S/he is intellectually open to supporting change and trying new ways of doing business in a target-oriented manner. Doing things differently and being open to change and new methods/tasks, whilst preserving the best practice of often-established organizations demands nothing less than cognitive virtuosity.

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About Amrop

With over 70 offices worldwide, Amrop is a trusted advisor in Executive Search, Board and Leadership Services.

Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

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