

CHIEF CONCERNS

Is the proliferation of new titles helping to tear down silos — or building new ones?

by SUSAN REDA, Editor

The phrase is a familiar one: “Too many chiefs, not enough Indians.” In the retail industry where so many companies employ thousands of people, the adage hardly seems applicable. Then again, the CEO and other C-suite regulars are now sharing the “chief” prefix with a growing list of colleagues. Macy’s has a chief digital officer, Kohl’s has a chief customer officer and Target has a chief information security officer.

Over the past 18 months there’s been a rise in the number of chief customer and chief digital officers hired; some predict that an upsurge in chief content and chief social officer appointments is next.

Retail experts say these new positions reflect the fast-paced change within an industry jumping headfirst into digital transformation. The newly appointed chiefs are tasked with creating business agility, tearing down function-focused silos and applying their skills to the ever-mounting mission of exceeding customer expectations.

Nevertheless, there are those who are wary. Is the influx of new titles creating more silos than it is removing? Do the new chiefs have a seat in the boardroom? Will these roles be required 10 years from now — or is this a passing fad?

While not all the newly minted chiefs are regulars in the executive boardroom, most are reporting to the CEO in some capacity. “Data shows that from about the mid-1980s to 2010, the average C-suite doubled in size — and today that continues,” says Eamonn Kelly, a director with Deloitte Consulting.

“Almost all the growth has been in functional, highly specialized areas. The goal is to transform the business to remain competitive and to focus on the customer holistically. Still, achieving that coherence and alignment across multiple strategies is a challenge.”

Maryam Morse, national retail practice leader for Hay Group, says the retail executive team “needs to be close to where innovation and change is happening, and as a result we’re

seeing more positions at the top. It’s not about e-commerce or technology. It’s about putting the customer at the core of decision-making.”

TRACING THE TREND TO THE TOP

It’s become commonplace to link industry trends to the transformation of the customer experience and the rise of digital technology. About five years when the role of marketing began taking on amplified importance, the position of chief marketing officer quickly took root and discussions about collaborating with the CIO reached a fevered pitch. Overnight, it seemed, CMOs were tasked with leading dramatic change within their organizations while technology continued to evolve at a rapid-fire pace.

At many companies the CMO realized that delivering a seamless experience to today’s





customer — making shopping more personalized and communicating with her through engaging content — would require more exacting functional expertise.

“Different skill sets and organizational structures are needed in a digitally driven world,” says Susan Hart, co-leader of Spencer Stuart’s global retail, apparel and luxury goods practice. “The idea that one single person can do it all may require a change in perception. That’s part of why we’re seeing not just a chief digital officer, but a chief content officer and a chief analytics officer. Tasking people to take on these specialized roles is intended to move the retailer closer to the customer.”

“The number of new chiefs in retail is more a reaction to new developments in the industry than expanding the C-suite,” says Tom Cole, partner in the retail and consumer group at

Kurt Salmon. “There are perhaps more pyramid heads than in the past, but they’re still reporting up to the CEO or the COO.”

He says that naming chiefs goes a long way toward clarifying responsibilities. “It designates who’s at the top of the pyramid and it sends a clear signal — both internally and externally — about the importance of the role inside that retail company.”

Morse concurs. “Titles reflect company strategy. Elevating ‘customer experience’ or ‘security’ responsibility to a ‘chief’ sends a message about where the retailer is making their bets and what they value.”

ARE FIEFDOMS FORMING?

If functional specialists now outnumber generalist heads of business units, it begs the question: Are retailers inadvertently building newer, different versions of the silos they’ve worked so hard to tear down? Is there a danger in having chiefs specialize in innovation, omnichannel and digital — or are the changes being made with collaboration and communication at the core?

Most feel it’s the latter. “Ultimately it comes down to what the title means and who they report to, but the real responsibility and the real confluence of executive authority has to reside with someone capable of breaking down barriers,” Hart says. “Their specialized role means they have more responsibility to work with traditional businesses and more influence when it comes to conveying their expertise.”

Cole agrees. “It’s incumbent on the chiefs to work across the pyramids. The word ‘chief’ may sound a bit pretentious but it’s really just meant to denote the level of importance the business puts on a certain type of expertise.”

Others raise concerns grounded in how individual success is measured and rewarded inside a company, and whether the customer-centric mindset that is at the core of these changes has truly taken root across the enterprise.

“What tends to happen anytime some new title is created is that a certain amount of natural tension begins to brew,” says Jeannie Walters, founder and CEO of 360Connex. “Others who are sitting around the table start to wonder what responsibilities are [going to be taken from them]. It becomes a territorial thing.”

In the absence of clearly defined roles and responsibilities, “it’s entirely possible that the

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new chief will request data from someone with the intent of analyzing a trend, only to meet resistance from the person who controls the data," she says.

"Sometimes the incentive structure is set up in such a way that people create territorial boundaries. If there is a strong vision that is expressly communicated — and rewards everyone for a good outcome — then things could be entirely different."

Kelly agrees. While the CEO's intent may be to create more integration and communication across the company and address silos created years ago, there remains a danger.

"The role of the chief is to integrate thinking ... not to take responsibility away from anyone else," he says. "One of the biggest challenges these chiefs face is to run the campaign for integration and to be the facilitator for collaboration."

CHIEF QUALIFICATIONS

While it's become more common to hear about new 'chief' roles, determining the specifics of what each is responsible for can be tricky. When an employer, a headhunter or a colleague learns that someone is a CFO — chief financial officer — a reasonably clear picture of that person's role emerges. If her title is chief experience officer, however, the definition is far less clear.

Hart admits that finding the right candidate for these jobs often requires a deep dive into the employers' exact qualifications, but it's not all that different from other jobs the company is asked to fill. "Every company is somewhat unique, so it's up to us to probe how they operate, how they expect this candidate to interface with others in the company, what's the structure of the job," she says. "We start with a diagnostic, then work to zero in on the right person."

She says chief digital officers are currently in high demand, and it is a position that could be a breeding ground for future retail CEOs. "The 21st-century retail CEO needs to be fluent in all things digital, e-commerce and marketing," she says. "They need to understand how to use data to gain customer insight. Oftentimes much of that is what the chief digital officer is working on today."

Morse notes that some retailers are working through hiccups as they carve out a course for the newly named chiefs to follow. "Organizations are making the leap by designating a



chief digital officer, but most say ... they're paving the path as they go."

In the past, she says, retail "celebrated and rewarded individual accountability. Now leaders are being asked to think differently — to apply enterprise-wide thinking to every task, with the goal of keeping the customer at the center."

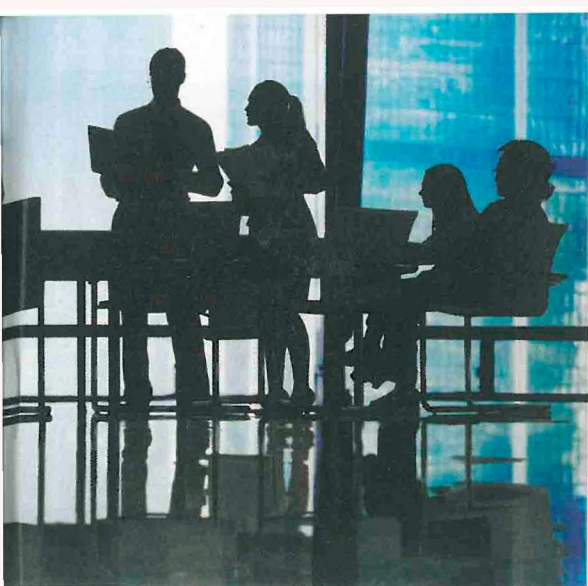
That was exactly the case for Kathy Doyle Thomas of Half Price Books. Thomas logged several years as vice president of marketing and development before recently being named chief strategy officer.

"The decisions to elevate someone to 'chief' are grounded in the importance of a certain business objective — whether that be digital or innovation or whatever," she says. "There are a lot of VPs in retail, and as that organizational structure progressed the need to designate a chief became more apparent."

Thomas views "chief" titles as indicative of executives who are being called upon for more big-picture thinking. "As chief strategy officer I'm charged with exploring any new opportunities for the company — ranging from new revenue-generating opportunities to exploring outside partnerships," she says. "I'm being asked to come up with new ideas that will increase sales rather than focusing my attention on the nuts and bolts of one portion of the company."

Thomas admits that it took some time to get her arms around exactly what was expected of her as chief strategy officer. With the support and guidance of president and CEO Sharon Anderson Wright she has jumped in, joining meetings across the enterprise and asking tough questions about present and future initiatives.

Will those functions and responsibilities be understood and valued outside Half Price



Books, were she to move on? “That’s hard to say,” Thomas admits. “I would imagine the responsibilities of the chief strategy officer would be different from one company to the next. Still, in this role, my job is to encourage and to help make things happen, but I don’t necessarily get credit for that. For example, I can push for certain divisions to carry different merchandise, but if and when they do, that’s something a buyer would be rewarded for.”

“So much of this comes down to recognizing how different retail is now from what it looked like even just a few years ago,” she says.

LONG LIVE THE CHIEF?

Many experts feel that the inclination to name more retail chiefs is a positive trend, but they’re guarded about the staying power of these titles.

“My gut tells me that we’ll see a rebound back to VP and SVP, mostly because the ‘chief’ designation has become too unwieldy. There are just too many,” says Walters. “The sticking point remains clearly defining the titles and making sure that clear expectations are established and conveyed.”

“I see these chief titles as catalytic roles at a point in time,” Kelly says. “They’re trying to make a connection between the advances in digital and customer and technology. If a company gets that right and truly embraces customer-centric thinking — that’s the definition of success, and therefore these roles wouldn’t be needed five years down the road.”

He points out the futility of getting hung up on titles. “What really matters is the ability to combine a deep understanding of the customer with an understanding of how digital technology will drive new sources of customer value. Then everyone wins — the customer, the retailer and the industry.” **STORES**

OFF THE GRID...

Here are 10 retail jobs with unusual and intriguing titles.

Stacey Cavin, Local Forager, Whole Foods Market

Cavin is charged with seeking out local products for the stores she supports in suburban Los Angeles. Her expertise includes guiding local suppliers through Whole Foods’ stringent quality standards application and approval process.

Sarah Hutnick, Spirit Director, Drybar

Through selective recruitment and manager training, Hutnick’s goal is for every guest to be given the most amazing, over-the-top customer service. She also supports customers’ causes and seeks ways for Drybar to give back to local neighborhoods.

Frank Youngman, BrainCoach, Marbles: The Brain Store

A BrainCoach takes the reins — maximizing sales and sparking customer engagement utilizing Marbles’ customer interaction cycle. BrainCoaches are trained on matters of the brain and make personal recommendations with these benefits in mind.

Michael Phillips Moskowitz, Global Chief Curator, eBay Inc.

Moskowitz says he’s working to develop a catalytic, original, approachable and living editorial voice for eBay. “They wanted a curatorial approach: How can we paint vivid, vibrant portraits or mosaics — mosaics of merchandise that tell a story or convey a sense of soul?”

Seth Goldman, President and TeaEO, Honest Tea

Goldman oversees the nation’s top-selling organic bottled tea. Under his leadership, Honest Tea has expanded distribution to more than 100,000 outlets. He also develops partnerships with organic and Fair Trade Certified suppliers.

Hillary Jacobson, Manager of Joy Fulfillment, PIRCH

It’s Jacobson’s job to deliver on the promises made to customers of the home goods retailer and to seamlessly facilitate the moments imagined in its showrooms — from product procurement to logistical fulfillment to joy achievement.

Stephen Hultquist, Chief Evangelist, RedSeal

Hultquist communicates RedSeal’s value and benefits to customers and partners through training and other education and by speaking, writing, and working with the press and analysts.

Tawni Cranz, Chief Talent Officer, Netflix

Cranz leads the team that maintains the company’s unique corporate culture, hires new talent and keeps the organization lean and flexible despite enormous growth.

David Pomije, Chief Fun Officer, Halo

The head of the video game company summarizes his mission on LinkedIn thusly: “Taking journeys that begin at the intersection of the impossible, wind through the improbable, endorsed by the few, but in the end loved by humanity.”

Chade-Meng Tan, Jolly Good Fellow, Google

Tan is a Google pioneer, an award-winning engineer, a *New York Times* bestselling author, a thought leader and a philanthropist. He endeavors to enlighten minds, open hearts and create world peace.