

# Angela Ahrendts

## BEYOND THE BURBERRY CHECK

Angela Ahrendts, CEO of Burberry, the iconic British luxury brand, is conscious of roots — her own and those of the company she has headed since July, 2006. She clings firmly to the values she was raised with: being selfless and being guided by the Golden Rule. “My dad was the philosopher, and my mother had very strong faith,” she says of her parents. Ahrendts, who has dined with royalty and mingled with A-list celebrities, considers being given an honorary degree from alma mater Ball State University “the honor of my life.”

She is equally respectful of the roots of Burberry, which she points out was “born with a coat” and whose trademarked check lining is instantly recognizable the world over. So even though she and Chief Creative Officer Christopher Bailey have broadened Burberry’s offerings to include such diverse items as watches, cosmetics, and children’s wear and removed the check from many of its products, 50 percent of Burberry’s sales still come from outerwear. “Outerwear is the backbone of the company,” Ahrendts says. “Let’s be proud of it.”

Her rise in the business is almost the stuff of fiction, which Ahrendts herself doesn’t read. Small-town girl from New Palestine, Indiana, dreams of a career in fashion, vows not to return home until she is president of Donna Karan — a goal she accomplished at the age of 30, and where she first joined forces with Bailey, who later persuaded her to join him at Burberry’s. Prior to Donna Karan, Ahrendts worked at a small New York fashion firm called Carmello Pomodoro, and then worked at Warnaco. After Donna Karan, Ahrendts did stints at Henri Bendel and Liz Claiborne.





Ahrendts recently spoke with *Briefings'* contributor, Patricia O'Connell, and with Michael Distefano, Korn/Ferry International's chief marketing officer, from the company's headquarters at Horseferry House in London. Edited excerpts of the conversation follow.

**Briefings: You are known as a leader for being such an effective communicator that people far down in the company say with great authority and accuracy, "Angela would or wouldn't like that." How are you able to communicate your vision so strongly throughout the company?**

AHRENDTS: The first words that come to mind are clearly, consistently and openly. And that has been

my approach since the first day, in July, 2006. I like to deliver what I call big, high-impact, simple messages.

One of the first things Christopher and I did was talk about how we could connect to Burberry's 5,000 employees around the world. [The company has since grown to some 7,000.]

The company had recently gone public and there was new leadership. We didn't want people to be fearful of the transition. The question was, how could we communicate, how could we touch them in the most effective, most clear way, and do so on a consistent basis.

That's when we started using digital. We needed to calm the troops, if you will, and be very, very clear

Courtesy of Burberry



“FOLLOWING THE GOLDEN RULE HAS NEVER LED ME ASTRAY. AND I HAVE TO SAY, NEITHER HAS MY INTUITION.”

about what we wanted to do. The first companywide meeting Christopher and I held was a live webcast. And even though the technology didn't allow us to get to all 5,000 people, we burned DVDs and sent them out. We knew from the start it was important to communicate on a global scale.

Christopher and I were very clear on how we were going to work together and how it wasn't about us. We had come together to write another chapter in the history of this great brand. We talked very early on about what our legacy would be, our gift to this great brand.

**During the economic downturn in 2008, you had to take some 50 million pounds of costs out of the business, which included about 10 percent of the work force. How did you keep morale up and motivate people?**

AHRENDTS: You have to think, “How do I do this as if somebody were doing it to me?” Ninety-five percent of the time

I put myself in somebody else's position before I decide how to handle something.

In the case of the downturn, most of the layoffs and cost cuts came out of large, underperforming areas. We didn't do massive layoffs across the company, but it was only natural that everybody felt unsettled.

When it was apparent just how bad things were, I came in that morning with the CFO and I called the head of marketing and said, “We're going to do a webcast today.”

**Did you have a strategy to talk about?**

AHRENDTS: Not in great detail. There were different scenarios we had talked about with the board earlier,

as we started to see the downward trend in retail in the spring of '08, but that isn't what I was focused on that day. I told people, “None of us has ever been through anything like this before. We have to batten down the hatches. We're going into one of the biggest storms of our lives and together we can get through it. But I need everybody right now to turn everything else off and just focus.”

**Did you let people know you were afraid?**

AHRENDTS: Absolutely. I told them I was scared to death. I am simply an employee in this company. The more people feel they know me and realize that all I care about is making this a great company, then the more connected we are, and it's really ironic, the better the business gets.

**As the CEO, how do you go from “I'm scared to death” to “Here's what I'm gonna do”?**

AHRENDTS: By letting people know that “this is what we are going to do.” If you have a trusting relationship and people feel empowered, they will do what they need to because everybody wants the company to prevail.

**Is “Do unto others as you would have them do unto you” the foundation of your leadership style?**

AHRENDTS: Absolutely. And that makes it so simple. It gives me such clarity. Because in a company like Burberry I can't always do what's best for one individual. I have to do what's best for the greater good. I have to protect 7,000 people is the way I look at it. Therefore, if you have to do something, you can do it in the most respectful, the most compassionate way that you can. Following the Golden Rule has never led me astray. And I have to say, neither has my intuition.

**Have you ever followed your intuition when facts or your advisors told you otherwise?**

AHRENDTS: This building is a great example. We

moved here at the end of '08, and constructing it was one of the biggest expenses we undertook in my first few years. Everybody but Christopher and I started to second-guess it.



Christopher  
Bailey and  
Angela  
Ahrendts

### **Why didn't you?**

AHRENDTS: My job is not simply to think about today but to look around the corner and feel and see what's ahead. If we say we want to be a great luxury brand, we have to behave like one.

We built this building as a living, breathing vision of the brand. And hopefully you feel the energy as soon as you walk in. That's why everything is here: design, product, marketing, the executive offices. It reinforces the culture we're creating. Everybody is encouraged to collaborate, to walk around everywhere, and everyone does.

You can talk all you want about team, about being democratic, but you have to do it. With this building, we are doing exactly what we said. You create trust by

having a vision, communicating it clearly and consistently, and staying true to that vision, and doing exactly what you said you would. We haven't changed our strategies in five years. We've tweaked them, we've evolved them, but the brand is still No. 1.

### **You clearly think about the future. Do you ever feel the short-term pressure that plagues so many CEOs, especially at publicly traded companies?**

AHRENDTS: We did more at first. But now we have a great balanced and trusted team. On the right, the most creative, and on the left, a great CFO, COO and the most analytical finance people. And when you have a finance team that knows the company's story and really connects with the brand, they know how to build the appropriate budgets to enable us to pull the levers we need to and still deliver what we need to the board and shareholders.

### **Who are the leaders you have learned from?**

AHRENDTS: I didn't know what great leadership was until I went to Liz Claiborne and watched in awe as Paul Charon could turn on an audience of hundreds.

### **What did Paul teach you?**

AHRENDTS: To connect with people; to be open. Don't be something that you're not. I was from New Palestine, Indiana; Paul was from Louisville, Kentucky. Sometimes when you're from a small town and you're in a big city, maybe you don't feel like you're good enough, and then I saw that someone whose roots were not dissimilar to my own had become the CEO of this \$5 billion company. And he did it by being a nice guy. He never forgot where he was from. And I hadn't ever either, but he validated that approach.

### **Did you ever deviate from that approach?**

AHRENDTS: No, but I didn't always have the confidence that it would work.

### **How has your leadership changed in the almost five years you have been in the job?**

AHRENDTS: The larger and more complex the business gets, the closer we have to work together. Listening plays a powerful part in this because when you listen you're present, you're aware. The sign of a great leader is to listen and to understand what you know and what you don't know.

John Peace, our chairman, has been my greatest mentor in this regard. He truly listens to everyone, at all levels, from long-serving employees, to fellow board members, to politicians and business leaders,

Courtesy of Burberry

## The Burberry Foundation: It's All About the Coat

Burberry CEO Angela Ahrendts sees her role and that of Chief Creative Director Christopher Bailey as being stewards of a great brand, responsible for “writing the next chapter” in the company’s ongoing story. There have been numerous milestones the company has achieved since Ahrendts joined Bailey at the fashion house in 2006, but none has given her greater satisfaction than the formation of the Burberry Foundation.

“We had the five hard strategies, and the five soft strategies, and this was our No. 1 soft strategy,” she says. “We wanted a program that would involve all of the company — our people and our product.” There is a financial component as well: Burberry also donates 1 percent of its profits to community investment activities, including the foundation.

While establishing a foundation was a top priority for Ahrendts, it was two years before the details and legalities could be worked out. The Burberry Foundation, launched in 2008, marked the first companywide philanthropic effort in Burberry’s history. Its goals, according to company documents, are to “help young people gain confidence in their daily lives and develop self-esteem; build connections to their families, friends, partners and society at large; and develop the ability to reach for opportunities in school, work and life.” The foundation’s efforts include administering grants, job-training programs, product donation and disaster relief.

Ahrendts is particularly proud of the job-training program for students, which is offered in Burberry offices and retail locations in London, Hong

Kong and New York with geographic expansion under development. She and Bailey targeted the youth space because “that’s when kids need more guidance and more direction,” Ahrendts says. “You’re incredibly insecure, asking yourself who you are.”

It’s hard to imagine the focused, commanding Ahrendts, who knew from childhood that she wanted a career in fashion, as ever having been less than sure-footed in her path to success, but she insists she was, and her sincerity is almost palpable.

bodyment of company’s core values: protect, explore, inspire. “Our people volunteered 3,500 hours last year mentoring and helping to inspire the young people they worked with,” she explains proudly. The job-training programs give participants the chance to explore their own creativity and talent, whether it be “on the left-brain side, in IT or finance, or on the right-brain side, in design.”

And protect? That goes straight back to Burberry’s roots: the trench coat, originally intended to protect



“Christopher and I, both being left brain/right brain people — that time in your life is especially hard,” she remembers. “You’re asking yourself: ‘Which way should I go? Do I go left or right?’ We both experienced the same thing.”

She sees the establishment of the foundation as a key part of her legacy, and its mission as an em-

the British military. “We put together these programs and if the kids graduate, they get their first trench coat to go on interviews with,” says Ahrendts. “The coats protect them literally, but they also give these young people confidence, which inspires them and empowers them to explore.” A trenchant idea, indeed.

—Patricia O’Connell



and he genuinely engages with what people have to say. And because he listens, because he is present, he is able to synthesize quite brilliantly.

**Your time at the New York-based fashion retailer, Henri Bendel, was obviously not the highlight of your career. How did that experience make you a better leader?**

AHRENDTS: Until then I had had a lot of wonderful career successes. It was the first time that I failed. Even though we had done some amazing things, the board decided to divest any business that couldn't be a billion-dollar business over the next couple of years and to focus on the big businesses. But I took it personally.

I had built a great team, and while Bendel offered me a job, how could I stay and let go of this whole team that I had put together? So I said no. It was heart-wrenching to shut down something that took two-and-a-half years to build.

**Former fashion executive Linda Wachner said you were one of the few people who knew not to take things personally.**

AHRENDTS: Hmm. Linda should've said, "who knew not to show that she took it personally."

**So as a leader, how can you be authentic and honest but still hold back; feel things and not show them?**

AHRENDTS: I was at Liz Claiborne during 9/11. I watched both planes go into those buildings. I had

just dropped my kids off at school three blocks away. I had to walk back to the school, get my kids, and we were told to leave the neighborhood. I walked with my children and our babysitter several miles to my office. I stood there and saw people jumping out of the buildings. But mom has to be strong; mom gets the kids settled down.

I get to the office, and of course people are beside themselves. They are crying; they are hysterical. But my job is not to lose it. My job is to keep them together. It doesn't mean that I don't feel tenfold what everybody else feels, but I'm expected to be the pillar of strength, so that's what I have to be. But I'm not going to tell you that I didn't cry later, on the phone with my father.

**So does the CEO ever get to really let things show?**

AHRENDTS: I completely trust my senior team. As a result, I feel they're very open and honest with me, and they share a lot with me and I feel very comfortable sharing with them. Would I break down? No. But I at least don't have to hold everything in. And I think that part of the company's success is that we are so connected. We genuinely care about each other. This is not just a job; this is our life.

We understand the impact we have not just on each other but on 7,000 people. Actually, it's more like 70,000 people. I remind Christopher of that every time we do a webcast. Because if those 7,000 people leave happy, then their spouses are going to be happier

Courtesy of Burberry



tonight, and they'll probably be nicer to their kids, regardless of how stressed out they are. I think it's really important to remember the impact that anything you say and do can have on people.

**Is that just inside the office or is that everywhere?**

AHRENDTS: I don't go many places outside of the office. (Laughter) Honestly, it's my three kids and my husband and my two dogs. I am there or here, and I don't have a ton of time for much else other than family.

I don't feel it's my job to put my personal cares, which fortunately I don't have a lot of, on anybody else's shoulders. I would much prefer to feel it's my job in life to ...

**Protect?**

AHRENDTS: Yes. Burberry was started in 1856 by Thomas Burberry, who first made coats for the military. So protect is not just one of my core values, but one of the company's. And, of course the core of our business is outerwear, something that protects.

The other core values — our soft strategies — are to explore and inspire. All three of those words — protect, explore, inspire — come from a book Thomas Burberry wrote, "Open Spaces."

**Open spaces sounds like a great metaphor for your tenure at Burberry.**

AHRENDTS: I think so. This building was designed to have an open, airy feel, to let in a lot of light, literally

and figuratively. And we cleaned up the check, opened up the way people see an icon, and an iconic brand.

**"Protect" as a core value obviously has its roots in the coat. How do "explore" and "inspire" fit in?**

AHRENDTS: They remind me that the company has a soul, that Thomas Burberry was 21 years old when he founded the company. He was innovative, he was entrepreneurial, and he was global. He opened a store in Brazil in the '20s.

We use his picture a lot and that reminds me that we're not just making stuff. It reminds me of our obligation to keep this brand great. I tell our teams, "This company, what we're doing, will outlive all of us. It's been around 155 years. Our job is to add what we can add while we're here, make it the greatest company we can because some day we're gonna be gone, and it's gonna outlive us. And then the next group will come in and they'll have their tenure."

We can never forget it's about the brand; it's about the company. Because I think the minute that ego and that self get involved, that's when it gets complicated. By depersonalizing it, everybody is united around making this the greatest, coolest brand and maintaining our heritage and our authenticity.

**It's about being selfless?**

AHRENDTS: Yes, it's about being selfless. It's not about what's best for you. What's best for the company, what's best for the brand? And that's a greater calling.

Courtesy of Burberry

Honestly, I don't want anybody to do anything for me, or for Christopher.

**How do you make sure you hire people who have the calling, so to speak?**

AHRENDTS: We've got a very strong, united culture but we're a company with a lot of people. And any time you're a people-driven business, sometimes you make mistakes. I call it "tissue-rejection." But we probably over-interview and over-expose people before we hire them.

Before I hire someone, I will have him or her meet a merchant, a strategy person, a finance person, a design person. I will expose them to the full company so that they understand what they're getting into. And then I also love to get opinions back from the people the potential hire has met, because we all work so closely. I want to know, "Do you like them? Are they a great person? Do they share the same values?" We always say "Do they track with us? Do they feel what we feel?"

I don't want to repeat my Ball State speech, but I said in there, "My father said he could teach me anything ..."

**But he couldn't teach you to care.**

AHRENDTS: You got it. So I can't teach people that either. So, are they one of us? Are they compassionate, are they generous, are they kind? Those are really key values for us and they fall under the topic of inspire.

When you ask about the [topic of] explore, that's part of what our digital strategy is about. We are exploring this new world aggressively and we're excited about it. But exploration is part of our heritage. Thomas Burberry dressed explorers. He created fabrics, he drove innovation, and that's about exploring. And I

want people to feel empowered, feel free to explore.

**To go out and do amazing things?**

AHRENDTS: You got it. Both here in the company and outside of it.

**You have cited a remarkable range of people and books that have influenced your thinking, from Jim Collins to James Allen's, "As a Man Thinketh," John Maxwell's "The 21 Indispensable Qualities of a Leader," Napoleon Hill, and the Bible. Who else do you read?**

AHRENDTS: I like Covey and I am a huge Gary Hamel fan, and Dr. Wayne Dyer. I don't think I've ever read fiction in my life. Instead, I go for books about inspirational leadership. My life is so full that I only read what I'm going to get a return on at this stage in my life. I dream someday of lying on a beach and reading, but right now ...

**What are you focused on now?**

AHRENDTS: Balance, more than ever before. For me, for the company as a whole. Maybe balance is so important to me because I am a 50/50, equally right brain and left brain. It's the balance between the IQ and the EQ; between the creative and the commercial. It's the balance between the traditional and the digital.

**Honoring the past and planning for the future.**

AHRENDTS: Yes. The faster we grow, the more we've got to maintain this balance. I feel as if my message pretty consistently to the teams right now is: Do you have the balance? I can tell in a region when there are not enough merchants, for example. You can just feel it now, you can see it. I can see when something is getting off balance.

So I think from a leadership standpoint, [I am focused on] just understanding what our metrics are, what's important to driving our business. And then I feel my job right now is keeping the most brilliant balance in every part of the company, every division, every region, every aspect.

**I have this picture of you walking around with a level, like construction people use.**

AHRENDTS: That's what it feels like. I believe my job right now is keeping the most brilliant balance in every part of the company, every division, every region. But it scares me to death because if we go too creative, we'll get off balance. If we go too operational and I let all the operational people take over, we lose balance. We get off balance, we don't win.

**INTERESTING...**



**HOUSING BOOM ALIVE AND WELL IN HONG KONG**

**Hong Kong now boasts the most expensive real estate market in the world. The growth in the price of a CEO's home in Hong Kong has risen 148 percent in the past five years, compared with Moscow's 110 percent rise and London's gain of 47 percent, while New York has fallen 7 percent.**

*Source: Reuters*