

Not 'one-click' hiring

Multichannel retailers need to be fast, flexible, and creative to secure star talent

By Becky Stein

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Unprecedented demand for e-commerce leaders is driving companies to look at untraditional and less-experienced executives. Now they must also figure out how to evaluate and compensate them.

If companies were shopping for their next e-commerce executive online, they would be frantically clicking the “Add to Cart” button.

Digital commerce is the fastest growing part of the business for multichannel retailers, who usually prefer an experienced leader at the helm. At the same time, new pure play companies are snatching up that top talent with the lure of big equity paydays. Wholesalers, who previously shied away from direct-to-consumer websites because of real or perceived channel conflicts, now need leaders too. There simply isn't enough experienced e-commerce talent to go around.

So what should companies do? Over the past two years, Korn/Ferry partners in the firm's Consumer and Technology markets have interviewed more than 500 executives working in e-commerce and multichannel retail, and they have developed a framework for identifying new leaders for the sector.

Too many companies begin an executive search with a laundry list of qualifications. For example, they might insist that candidates have experience with a specific platform. And yet technology is changing so rapidly in digital commerce that today's vital skill will likely be irrelevant tomorrow. Markets shift. Strategies evolve. Technologies emerge.

The “skill” that is most needed, then, is the ability to acquire new skills, which Korn/Ferry calls Learning Agility. As Victoria Swisher described it in her new book *Becoming an Agile Leader*, Learning Agility is “knowing what to do when you don't know what to do.” Interview and assessment tools can gauge Learning Agility in candidates.

Trends driving digital commerce

- > Globally, e-commerce is growing by over 20 percent annually. Europe, Asia, and Latin America are on the fast track to catch up to the U.S. in e-commerce adoption.
- > The largest e-commerce players are still regional, although most companies are expanding beyond their borders.
- > Empowered consumers are channel and device agnostic.
- > The omnipresence of mobile technologies has accelerated e-commerce; younger shoppers use smart phones for all transactions, bypassing the web.
- > Social networks fuel the viral popularity of brands.
- > Every industry is investing in its online operations, including health care, financial services, hospitality, industrial, and consumer wholesale.
- > Significant executive movement is seen in top roles.
- > The speed of change quickly outdates specific skill sets. Most successful companies are hiring on attributes, not skill sets.

One can compare a skills-based hiring process to the NFL Scouting Combine. Rather than draft professional football players exclusively on the statistics from their college career, teams also run prospects through drills that measure speed, strength, and joint flexibility. Players are also given a fifty-question cognitive test that reveals their aptitude for learning and problem-solving. Examining college stats *and* core abilities allows teams a more complete view of the talent they are recruiting, which in turn better predicts the chance of future success.

The value of digital natives

Companies should seriously consider younger candidates, who are “digital natives,” for senior executive roles. Author Marc Prensky identified this critical generational shift as early as 2001 in his landmark article “Digital Natives, Digital Immigrants.” Today we recognize “digital natives” as those who grew up with smart phones and social networks. They are accustomed to technology enabling almost every aspect of their lives and communities. As Prensky wrote, they “think and process information fundamentally differently than their predecessors.” Older “digital immigrants” may be technologically proficient, but they have learned technology like a second language.

Since the Internet has been in widespread public use only since the 1990s, the oldest digital natives have just entered their 40s. In many large organizations, there would be significant resistance to putting a 30-something executive with so few years of experience in charge of the fastest growing segment of the business.

For many companies, however, it’s a bet worth considering. The innate understanding that digital natives bring to the table—not just about technology, but also how younger generations think, shop, and make decisions—might offset a shortage of years as a business leader.

Consider this: Sheryl Sandberg, Facebook’s COO, was just 38 when she took that job (and 32 when she joined Google as a senior executive). Sephora’s senior vice president-direct, Julie Bornstein, whose website is widely acclaimed as best in class, was in her early 30s when she became vice president of e-commerce at Nordstrom. Clearly these companies benefited when they identified such star talent early.

Tech savvy alone did not elevate these executives above the pack, of course. Sound judgment, problem-solving abilities, and leadership skills are still critical. The point is not to simply dismiss e-commerce candidates who haven’t logged decades as a business leader.

Recruiting implications

In addition to being younger, e-commerce candidates also may have more job moves than is typical. There are several reasons for this. First, there are a vast number of opportunities available. Second, e-commerce campaigns show results (or lack thereof) quickly. When he was senior vice president for e-commerce at Williams-Sonoma, John Koryl greatly impressed the industry. After less than two years in that job, he was lured away by Neiman Marcus to be their president-direct.

A successful recruitment process will discern what exactly is behind multiple career moves. Is it that this executive is a star on the rise, or just restless? What will attract the top candidate for a long-term stay?

Don't underestimate the importance the recruitment process has in securing top talent. It's important to treat candidates well at every stage. Make the interviews a two-way conversation. Show enthusiasm for every candidate from the start, not just once one becomes the leading contender. Demonstrate respect for their time and interest by giving timely feedback. After interviewing a slate of candidates, you want to have one great hire, and a group of other executives who wish they had gotten the job. Every one of the runners-up can be ambassadors for the company.

CEOs might also have to demonstrate some flexibility in the following areas as well to secure the first choice candidate.

Reporting structure. The role should report up as close to the CEO as possible, depending on the maturity of the business, expectations for the online channel, and profile of the person the role reports to (if not the CEO).

Compensation and title. E-commerce executives earn a premium. Period. Even larger companies that may be able to make a total compensation package more desirable (e.g., assistance with moving, house closing costs, or low-interest loans) may have to disrupt their traditional salary bands.

Specific experience. Executive recruitment always begins with a list of criteria, but let it flex during the interview process. Rather than look for reasons a candidate *can't* do the job, look at what attributes suggest that they *can*. Holding out for someone who can check off everything on the list will likely lead to a lengthy search and missed opportunities.

For companies needing top digital commerce talent, it's imperative to have the right strategy to recruit and then retain the executive. To avoid a lengthy search and missed opportunities, companies need to be flexible, creative, and able to discern the core competencies they need in a leader.



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The Korn/Ferry Institute generates forward-thinking research and viewpoints that illuminate how talent advances business strategy. Since its founding in 2008, the institute has published scores of articles, studies, and books that explore global best practices in organizational leadership and human capital development.

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