Management style

Managing creativity His first look at the Gucci business convinced this ardent family man that he needed to do something drastic. He told his wife and two daughters that for once he would not be accompanying them on summer holiday: instead, he packed his bags and spent the next six weeks visiting over 160 stores and talking to 2, 500 staff around the world. He also visited 100 competitor stores. That tour taught him a lot about the business. " There's a real wish within the group to win in the marketplace," he later commented. We have people in our factories and ur partner factories who have been working on our products for 20 or 30 years, and they are proud. I even met a shoemaker in Florence who had been in the factory for 45 years. " But there was a commercial disconnect at senior levels. Polet asked the managers of each brand within the group - which includes Gucci, Yves St Laurent, Sergio Rossi, Boucheron and Balenciaga - to prepare three-years plans. Each one put in plans that forecast increasing costs and widening losses, believing that in the fashion industry, almost limitless investment in the brand was the way forward.

Polet disagreed. He eorganised and refocused the business, pared costs, improved customer awareness and increased flexibility in the supply chain. Over the next four years gross profits nearly tripled, from ,¬264m to ,¬730m. " I focus on three things," Polet recently told Andrew Cave, reporting for the Telegraph: " leading and coaching people, managing brands and creating an environment where creativity can flourish. " Despite others' misgivings, he was confident that his experience with ice cream was relevant to managing luxury goods brands. "[At Unilever] I didn't sell ice cream," he said in 2004. I sold concepts. I sold worlds in hich people consume ice cream.

Luxury brands [are also] more than the goods… They give people the opportunity to live a dream. " More importantly, he understood that a brand will outlive the management teams and creative directors that work on it and this understanding enabled him to dismantle the culture at an organisation where the head of design had become a celebrity. In Polers new group structure, each brand would be led by a two-person team consisting of a commercially-focused chief executive partnered with a creative director.

That way, he fgured, each brand would get the right design strategy, backed y sound merchandising expertise. Having imposed a structure, he then gave the teams the freedom to manage their brands in their own way, within a framework of strategic objectives set at the top. " Other companies try to manage creativity, but actually stifle it," he observes. He refused to follow advice that he could boost sales by introducing lower priced lines, believing that such a move would have a negative long term impact on the brand's value.

He also decided against shifting production to lower cost economies in Asia, which, ironically, have now become the strongest markets in the company's growth plans. The current recession has had an inevitable impact on profits at all the luxury end fashion houses, as retailers rushed to de-stock following the collapse of Lehman Brothers. However, as stock management across the industry improves and confidence increases, the Gucci group continues to perform well.

Characteristically, Polet sees the current economic downturn as an opportunity to connect with his people as, once again, he has taken to the road to have a dialogue with the business. " In the past few months," he says, " IVe started travelling more than ever before, because people need to see me. They ask: 'Is he down? Does he look pessimistic? Or is he looking optimistic and smiling? Does he know where we're going? When they see for themselves that I'm fine - and that I am convinced that we are going to be fine - they are fine too. A recession, he believes, can bring out the best in good people, and allow their talents to shine. In a recent article for Business Week magazine he writes, " Challenging times are the perfect opportunity for high performers to shine. These individuals are highly motivated and must be challenged to stay engaged. Providing them with a tough issue to tackle, expanded responsibility, or a position of greater uthority will give them what they seek while simultaneously benefiting the organisation. " From frozen food to hot leather An interview with Robert Polet, president, CEO, and chairman of Gucci Group.

By Robert Friedman, Fortune international editor June 12 2007: 2: 19 PM EDT (Fortune Magazine) When Robert Polet, former head of Unilever's frozen-foods division, took over the luxury group in 2004 after the departure of celebrity designer Tom Ford, industry insiders predicted a meltdown. Polet has proved them wrong. Last year profits at the group soared 44 percent, to $741 million. Fortune's international editor, Robert Friedman, talked to the 52-year-old executive about how he silenced the skeptics. Your numbers are up. What's the secret?

I More from Fortune where they'll be next I IWhere the Jobs are now, and I IWhat went wrong at Burger King I I Play to win: The game-based economy I ICurrent Issue I IFORTUNE 500 I ISubscribe to Fortune At the end of 2001 we went from mono brands and local operations to having real portfolio brands and a global group. We tilted the organization from a leadership of two toa leadership of 20. We had the essence of each brand, a three-year plan, rand by brand, and we put teams of a CEO and creative director with each brand. So you came in with this in mind?

When I came in July 1, 2004, after 3 1/2 weeks I said to my wife, " l won't be Joining you guys on a holiday. " I packed my bags, stepped on a plane, and went around the world visiting 168 of our stores. I spoke to or met 2, 500 of the 11, 000 people working in Gucci. I visited 100 stores of the competition. I had the chance to actually discover the company, the culture, the people, the competition, the rules of the game. I came back with knowledge and a good view. After Tom Ford left, a lot of people thought Gucci (Charts) would suffer. What is it about the brand that's so powerful?

Last year Gucci had its 85th birthday, and I would say it's still young and as relevant for my 20-year- old daughter as it is for my mother, who's 76. Here lies the secret of brands: They need to be managed for the long term. There will be CEOs and designers who come and go. So the brand is always king. But some brands vanish. How do you manage them long-term? One word: consistency. Imagine the brand is a friend. If that friend becomes inconsistent, the first time you say, " Hmm, strange. Second time it happens you say, " I'm not sure I feel comfortable with this person anymore because they're unpredictable. The third time you say, " I'm going to look for a new friend. " That's exactly what happens with a brand. If it is managed in an inconsistent way, the consumer distrusts it and starts moving to another. That's how a brand dies. What in retail excites you? Customers get educated by the retail experience they have. So a customer who goes into an Apple store, or an H; M or Zara, will be influenced by the way the merchandise is presented or how quickly and how often the merchandise is shifted. If the customers have been educated to expect new collections every seven or eight weeks, that's what they'll expect in our stores.

So are you speeding up your processes? Yes. It's important that customers know that every two months it's a good idea to go in because there might be something new. And you'd rather have your customers in your store ten times a year than only three or four times. How is H&M's disposable mindset affecting luxury brands? What you see when customers have the self-confidence and are informed about brands and products is that they dare to choose to wear Gap Jeans with a $3, 000 Bottega Veneta handbag. So they mix and match. I think it's an expression of self- confidence, and it's natural and totally right as well.