

LEADERSHIP IN THE FIELD: Interviews With Global Leaders

By Russell Reynolds Associates
with Roger O. Crockett

Rose Marie Bravo, Director on the boards of Tiffany, Estée Lauder and Williams-Sonoma discusses leveraging the board, in-demand directors and non-executive chairmen.

Rose Marie Bravo, Corporate Director Discusses Leadership
An Edited Transcript

Chapter 1 - A CEO and her Board – leveraging the relationship to make better leaders.

Roger Crockett: How can the board help the CEO be successful, and how can the board help in the development of high potential management?

Rose Marie Bravo: Well a board can be immensely valuable if a CEO and management team know how to use the board. The board members are there to add value. And on the boards that I have been on and that I have observed, there's a great deal of expertise around the table on various subjects. So you have a variety of expertise and it's up to the CEO and the chairman to be the sort of band leader, and to figure out how to utilize the best of the talents that they have around that table.

Roger Crockett: Okay. Well, give me a couple of examples. I know that on some of your boards you said there had been programs and panels put in place. Talk a little bit about those.

Rose Marie Bravo: Most recently, I've been involved with Williams-Sonoma's leadership team and they asked two or three of the board members to meet with them to talk about our successes, and yes, our failures. We were asked what are some of the things we learned as we were running companies? What are some of the things we wanted to pass on to new leaders, and what we thought was important in a leader? We have a wonderful program at Estée Lauder called Semper Novus and it means 'Always New'. Leonard Lauder, our Chairman Emeritus, believes that one executive must always be learning. Everything has to always be new because the business we're in is forever changing and is transformational. So his mantra is, "How do we keep the executive team always learning and exploring the nuances of all the various aspects of the business that one is involved in?" So he has a program that is run by Phoebe Port, whereby they bring in executives from all around the world, and they invite board members to attend just because they believe so much in leadership. I think it's a wonderful program.

Chapter 2 - "Adding value as a director takes more time than it used to."

Roger Crockett: Now that makes it obvious that the time commitment required from a board member is much different today than it was maybe a few years ago. Talk a bit about how much time is required, and why it's changing in corporate America.

Rose Marie Bravo: I've seen the board meetings themselves really evolve, and they've stretched in most cases now to almost two full days when you get done with the committees and the executive sessions. Some of it is due to the good governance practices that we have to deal with. So time is needed to follow up on some of the regulations to make sure that we are doing all the things we are supposed to be doing. Then you have the actual business of the business. In a couple of these cases, Estée Lauder and

Williams-Sonoma, the companies own multiple brands. So even getting a board to be familiar with all the different brands in terms of presentations, that takes up a lot more time.

At a company like Tiffany that is burgeoning in Asia and other places around the world, you have, all of a sudden, international issues that maybe ten years ago didn't exist. Now in almost every board meeting you have a session on China, the importance of China as a market, the importance of the Chinese consumer, the importance of the Chinese consumer who travels into duty free outlets, the importance of Chinese consumers in Europe - whether shopping in Paris, shopping in London, or shopping in Berlin. This has changed the whole complexity of learning for the board, to keep them up to speed. Now we're asking the board to add value on some of the experiences they might have with some of these [international] markets. Also, technology has changed everything for us.

Roger Crockett: How so?

Rose Marie Bravo: So now you have e-commerce, now you have Pinterest, now you have Twitter meetings, Facebook meetings, and you're talking now about social media as another major topic, which if you go back even five years, didn't exist. So I think it's more complex, it takes more time. And I find that the (board) materials you get in advance, which maybe years ago came in a smaller books, now come in a big stack, But of course, they are all on the iPad. You have material that has to be read. You have to take time. If you have a question about the material, you have to take the time to inquire about that. Then you have the board meeting itself. Then you have the post meeting because the meeting itself raises questions and issues that you might want to think about, you might want to mull over, sleep over, and think, 'well maybe this was a good idea, maybe it wasn't, but what do they mean by this?' 'I want to call so-and-so to ask about this.'

Chapter 3 - On-the-job education for sitting CEOs.

Roger Crockett: Rose Marie, why is it important for CEOs to be on an outside board?

Rose Marie Bravo: When I first became CEO of Burberry, I was asked to sit on the Tiffany board, and I thought to myself, 'Oh, I am not going to want to do this, and my board isn't going to let me do this because I am just going to be too busy just having taken this new role.' My very foresighted chairman said to me, "You absolutely should do this. This is a wonderful opportunity. You will learn immensely and it will add value to what you're doing at Burberry." He was so right. That was in 1997 and it helped me immensely because I was able to almost have a front seat watching a company go international, watching a company develop an e-commerce site from a catalogue business, watching how they developed their licensee arrangements with various categories of product, arrangements with franchise partners in places like the Middle East and Russia that were difficult to do business with on your own at that time. So it gave me a window into a world as a new CEO. I felt like I was learning, and probably they were giving me more value than I was giving them at that time. But it was a wonderful learning experience.

Chapter 4 - "Knowing when to zip it and when to weigh in."

Roger Crockett: Well, talk about what it takes to be a good director, a good board member.

Rose Marie Bravo: You have to be interested in the business and in the company that you're involved with. And I think in short order you figure out where can you add value. You try to say, "How is my experience relevant to that particular business, and given who else is there, where can I add value?" And I think being on a board sometimes means knowing when to zip it and also knowing when you can contribute. You may be the authority on a particular subject versus maybe other subjects where you have a point of view, but you may not be as informed as somebody else.

I mentioned Estée Lauder and their incredible leadership program, and Fabrizio Freda's mantra: He calls it 'Leading from every chair'. He's come up with this little cheat sheet. He talks about things like thinking strategically, engaging the team in the vision, embracing change, developing talent, energizing others, building collaborative relationships, demonstrating agility, driving creativity and innovation, striving

for excellence and having high touch leadership competencies. I thought, 'What a great little bible for a board member' because all of these are areas that we, as board members, are supposed to care about: talent, strategy, vision, the plan and approving the plan, and of course, following good governance. But beyond all of that, these are really things that are additive to a company management team if a board member is really engaged in some of these very important points.

Chapter 5 - Take full advantage of the non-executive chairman.

Roger Crockett: You mentioned Estée Lauder. Estée Lauder has a person who is the CEO and another person who is the non-executive chairman. That is becoming more of a trend, splitting those roles. What is important about splitting or not splitting those roles?

Rose Marie Bravo: That was a very new concept to me when I became the CEO of Burberry because in the UK it is mandatory to have a chairman and a CEO. They split the roles. All public companies have the split role. Split roles was unheard of, in my experience, but I found it to be excellent for me. It worked for me very well. I had two different chairmen during my nine-year tenure with Burberry, both of whom were very different, who had very different skills. And both of whom were extremely additive to the value equation at the company. I think it's like any other thing a good CEO does. You think about how to utilize the resources that are available to you. I always looked at, even though I was reporting to the chairman, I always looked at the chairman as working for me. How can I use this chairman, this person with so much expertise in fields and areas that I really may not be as knowledgeable about. In both cases they were male, and I found that I developed this concept of delegating upwards, because there were areas that I felt that, "Gosh, I don't have time to do some of this other work." It could be working with the City. It could be reviewing investor relations conversations. My second chairman there was an expert, John Peace, in dealing with the City because he had been a CEO of a FTSE 100 company. So he knew the ins and outs of the City.

I figured out that my value added was more in the product and the merchandising and the marketing. If I could spend my time doing that, and he helped me in an additive way, running the board, doing so many other roles that he was able to do for me, I was going to be more effective. I think one of the things you hit upon earlier, Roger, is how complex it is today to be a CEO. There isn't a day that goes by that there is not another article in the newspaper about a CEO wanting to get out, being thrown out, staying too long, or adding different roles. Every day, it's like the big topic. You ask yourself why it's become so much more complex than it was, say, five, ten, fifteen years ago. Having this dual role, I think, is meaningful and especially if the personalities conjive. You mentioned Estée Lauder: with William Lauder as chairman you had Fabrizio Freda as CEO. Their assets, their strengths very much compensate for one another. They are able to go on to different subjects. I am now watching at Williams-Sonoma Adrian Bellamy, who's the chairman and Laura Alber who is the CEO. The learnings for her include having a chairman who's been a CEO of a global company and was a chairman of Gucci group before that. This is a lot of experience and expertise that's brought to the table. I think a wise CEO can just take advantage of all that knowledge.

Chapter 6 - "CEOs in Retail today need to eat their Wheaties."

Roger Crockett: The environment, for retail especially, has changed so dramatically over the years. How has that affected the competencies needed for CEOs to manage well?

Rose Marie Bravo: I think CEOs in retail really have to take their Wheaties because you're 24/7 now. The retail landscape is so competitive. When I think back to when I was beginning my career in retail at Macy's versus the complexity of what you deal with now—from Amazon.com to Target to Saks Fifth Avenue to designer boutiques—you're getting competition from every part of the world. I think that has added complexity to the business and to the landscape. Of course, a part of the whole e-commerce conversation in those companies like Williams-Sonoma and Tiffany was that they had catalogue businesses. I think it was easier for them to go into e-commerce than maybe somebody like Burberry that didn't have a

catalogue business at that time. We didn't even have mail order. We didn't even have warehousing for mail order and for catalogue. So people like Estée Lauder that had some catalogue business, they were able then to transform that into e-commerce. Certainly Williams-Sonoma was a great example of going very easily into e-commerce, and now direct-to-consumer represents a big part of their total business. I think it added to the complexity of what a role of the CEO is in today's world.

Roger Crockett: **Does that necessarily mean, though, that the CEO must bring to the table experience in digital media and social media, in technology? Or can they just have fundamental management skills?**

Rose Marie Bravo: I think you need fundamental, good management skills first. And you need good leadership skills that we talked about earlier. I think that you're going to want expertise for sure in e-commerce and social media, whether you get from your board, whether it's from the head of marketing, or you actually bring somebody on board as Williams-Sonoma has just done by bringing the head of marketing from Google onto their board to get that technology know-how. There's different ways around it. I think to think that one CEO, one human being, is going to be able to possess everything that is necessary to be a great retail CEO is a fallacy. I think it's about building the team and having a strong CFO and COO. In the case of the dual leadership roles, the chairman and splitting the roles of CEO, I come from the merchant line, I come from the product line, so I think for a retail CEO not to have been immersed in merchandising, product, stores, that's hard. I am not saying it's impossible, but I think today you want somebody that knows your product because after all, nothing happens in retail until a customer buys something. So you need to have some understanding of the product and what it's about, and how to drive that dream that you're selling.

Chapter 7 - Required expertise, in the boardroom and the c-suite.

Roger Crockett: Well you mention the board - Is there a new profile for a good board or good Director?

Rose Marie Bravo: I think that a lot of the nominating committees that I sit on really spend a lot of time developing the areas of expertise that one must have on the board. At Estée Lauder, one of the things they felt passionately about, particularly the nominating committee and Lynn de Rothschild, was that we needed to have Asian representation. She went very far to find Wei Christianson, who came on to the board from China. She was living in Shanghai, and believe it or not, was able to make the commitment of attending the board meetings. So that's been invaluable. But it depends on the board. I mentioned Williams-Sonoma. They absolutely wanted to have somebody come on from e-commerce. They felt they needed social media and more understanding in e-commerce. So they have the Google person.

Tiffany just brought on Robert Singer who's coming from many experiences, but he was the COO and CFO of Gucci. That was a case where it was felt that we needed more luxury experience. I think boards and probably nominating committees are spending a lot of time scrutinizing the backgrounds of what they have, who may be getting close to retirement, who's going to be going off the board, and then what are the talents that we want to bring into the company. I think, at the top of everyone's list, of course, is international experience. People are craving that. Not just on boards, but even for executive talent. Having lived elsewhere, having lived in another part of the country, having lived in another part of the world, this is the big asset. I would say to young people who are in the process of building their career, that if they get an opportunity to move, to relocate, to live in another part of the world, even another part of the country, I would grab it. I would grab it because I think having that is a very important asset to have in your bag of tricks.

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Chapter 8 - Women, boards and good leadership.

Roger Crockett: Estée Lauder has done a tremendous job in terms of having a number of women on its board, but other companies haven't done as good as job. How do we get more women in leadership roles in corporate America?

Rose Marie Bravo: I'm so glad you mentioned Estée Lauder. Of course, the company was founded by a woman, and had women such as Carol Phillips, in probably almost half their brands actually running billions of dollars worth of businesses individually as mini CEOs. I think they were always a company that sort of understood it and from Leonard on down, I think you've had this feeling of supporting women. So when it came to the board and when Leonard was taking the company public and creating a board, he made sure this whole idea of balance on the board and diversity was present in every way. Today, we have more women on the board than we do men. We employ women in more than 70% of the staff around the world: Women running countries, women in legal counsel, women in HR, women in communications. I think that the whole world is going this way, and understanding that there is a connection between the products they are selling and who the end consumer is and what the management of the company is and what the board reflects.

I do think that with this next generation we're going to see a giant leap forward in terms of many women, especially in our country, getting to that CEO corner office. It means making some sacrifices--and this is for males or females, anybody. A person has to realize that stepping into that next level, it means they have to make sacrifices.



Rose Marie Bravo is the former CEO and Vice Chairman of Burberry Group Plc. She is currently a member of the Board of Directors of Tiffany & Co., Estée Lauder Cos. and Williams-Sonoma, which she joined in 2011. Bravo blazed a trail in the retail industry during the 1980s and '90s. She held a number of positions at R.H. Macy & Co., culminating as Chairman and CEO of subsidiary I. Magnin from 1987 to 1992. Her success there helped her land the job as President of luxury retailer Saks Fifth Avenue with responsibility for merchandising, marketing and product development. Then in 1997 she became CEO of Burberry, where she oversaw a bold reform of the British classic brand, expanding the line of products and boosting sales and profits in the process.



Roger O. Crockett is a veteran business writer, thought leader and speaker. He is the former Chicago Deputy Bureau Chief for *BusinessWeek* magazine and a contributor to *Harvard Business Review*. His perspectives on business, leadership and diversity are trusted by many of the world's top executives and entrepreneurs.