



# Guttman Insights

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## **David Bensadoun**

*is CEO of the ALDO Group. The Group, branded as ALDO, is a multinational corporation that owns and operates a worldwide chain specializing in stylish and accessible footwear and accessories. It operates under two signature brands, "ALDO" and "Call It Spring," and a multi-brand retail concept, "GLOBO." It is also an industry-recognized wholesale distributor and third-party sourcing provider of fashion footwear, handbags, and accessories.*

*Headquartered in Canada, ALDO Group has international offices in Europe and Asia. This year marks ALDO Group's 50th anniversary of being driven by a mission to create a human brand, a brand that cares.*



Happy and productive 2023! In this issue, David Bensadoun, CEO of Aldo Group, offers candid insights into how he and his high-performance team continue to meet, head-on, the pressing challenges facing his global retail enterprise. Howard M. Guttman urges leaders to move without delay to make team alignment the 2023 agenda item and raises three core alignment questions to get you started. And, since alignment is front and center in 2023, click on Howard's video, "Alignment for High-Performance," for tips to drive high performance, beginning with your senior team.

## In This Issue

- 01** Leader's Corner: David Bensadoun – Fusing Fashion with High Performance at Aldo Group
- 04** If I Were You: What's Your 2023 Alignment Agenda?
- 05** Video: Aligning for High Performance



## Leader's Corner: David Bensadoun — CEO, ALDO Group Fusing Fashion with High Performance at Aldo Group

### You have been in business for 50 years. What's the "secret sauce" for such impressive longevity?

Passionate focus on product and people. We're in the fashion business, so product must always come first. And it's also passion for people—the designers, product developers, store staff—everyone in the chain that interacts with the customer.

### Product, people, but what about customers?

Customers are the table stakes! We are customer obsessed. There's no way we can be successful in retail without a commitment to meeting customer needs. When I talk about "products," what I mean is that we carefully examine what our customers want, then anticipate new trends to make sure we're ahead of where customers want to go.

### Who's your customer?

We cater to consumers around the world who are looking for mid-priced men's and women's fashion footwear and accessories. Our aim is to democratize fashion by making quality products affordable for everyone.

### You not only want to democratize fashion, but to environmentalize it! Talk about your line of vegan footwear.

One of our brands, "Call It Spring," is an entirely vegan line of shoes. We're also the first fashion footwear and accessories company to be climate neutral. We're doing our level best for the environment.

### How has your business model changed from when the company was founded in 1972?

We've gone from a one-channel to a four-channel business. In the first 40 years of our existence, we only sold in brick-and-mortar retail stores. Today, those stores account for only about half of our sales. We'd like it to become 25 percent of our sales. We've added wholesale divisions, franchise divisions, and e-commerce to our retail heritage.

### What's been your biggest challenge in moving to an e-commerce model?

We don't view e-commerce as a different business model. E-commerce simply added a whole range of features to our brick-and-mortar business that make it easier for the consumer to shop. The percentage of business that a company does on e-commerce platforms versus what it does in brick-and-mortar stores is not all that significant. What's important is whether are you profitable overall: Are you effectively reaching the consumer and is the way you interact with consumers aligned with their shopping preferences?

### So, "e-com" versus brick and mortar is a false dichotomy?

Here are a few statistics that make my point. Eighty percent of our mall customers visit our website to decide what products they want to buy before they go to the mall. Are these in-store or e-com customers? Thirty-five percent of our e-com customers want to pick up their orders from our stores because they don't want home deliveries. Eighty-five percent of the returns from e-com are returned to a store. Fifteen percent of our store sales are actually made from merchandise not available in that store. If a customer visits a store and wants, say, a size 10 shoe that's not available in that store, the sales clerk will check our



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website and arrange to have the shoes shipped for free to the customer. You tell me which of these are e-com sales and which are store sales! Customers want to shop the way they want to. We provide them with a cross-channel capability to do so.

### **COVID-19 has forced many companies into bankruptcy restructuring, including ALDO. What leadership lesson did you learn in successfully moving from restructuring to full operation?**

Our key lesson: never let a good crisis go to waste. You have to use a crisis to make changes that you already knew you should make, in a faster and more purposeful way. Before we went through restructure, we used to say, “We are only going to work on priorities. We are going to kick the sacred cows and cut to the bone.” We talked about it, but we were like an army that never goes to war—we really didn’t know what we were capable of and what prioritization truly is! In Canada, the government closed “non-essential” retailers for 220 days! Our cash flow was completely cut off. Seven of the top-ten fashion retailers in Canada went into restructuring. When you turn off the taps for 220 days, you’ll find out fast how resilient your company is! We were able to get rid of every sacred cow, prioritize violently, and make all the cuts and changes to ensure that we will be successful for another 50 years.

### **What’s the next chapter for ALDO?**

We plan to drive growth in our international and wholesale businesses. In the near term, we want our international business to grow from a quarter to half of our revenues. Wholesale is about 10 percent of our revenues. We see it becoming a quarter of our revenues.

### **When did you start your high-performance journey—and why?**

Right before COVID and restructuring, I hired a new CFO. I wanted to have a revenue-oriented CFO, not a cost-cutter. She had worked at Keurig Dr. Pepper and highly recommended GDS. I found GDS’s approach uncomplicated and practical. We agreed to go ahead with aligning our executive team, and it’s been so successful that we extended it to our second-level, VP executives.

### **What, if anything, did you want to change in your leadership style?**

I’ve only been a CEO for four years, half of which were through the pandemic and restructuring. I wanted to see how I could improve my skills. I was open-minded and wanted to learn.

### **What about your team?**

I had a lot of talent around the table, but I just wasn’t leveraging it enough. When I looked at my team members, in almost every case I saw someone who was better than I at each of the things I had to be good at. I’m a generalist, with a few areas of expertise. All nine members of Team 1, our senior executive team, are top talent. But I felt that there was something, perhaps in the culture or my management style, that was preventing the team from thriving.

### **To what extent does the HPT approach help write ALDO’s new chapter of going from cut-back to step-up management?**

As we came out of restructuring in July, the behaviors we learned and the philosophy behind it were about addressing challenges as a team, whether they involved cost-cutting or revenue growth. HPT is great for both. HPT is a series of behaviors and a framework that the members of your executive learn so they can perform at a higher level.

### **What have you done to date to implement the HPT approach?**

Team 1 has been through a number of HPT sessions. The “L2” level, about 60 senior directors, directors, and VPs who report to Team 1, also needed to be engaged in the process. We realized that they would also benefit from everything we had benefited from. And they would also think we were aliens if they did not know the HPT way of working! Eventually, we’ll cascade the HPT process company wide.

### **What are you doing as the leader to make GDS’s HPT “stick?”**

We’re doing follow-up sessions with GDS to make sure we’re on track. There are periodic check-ins. I’m not the policeman. All of Team 1 is engaged to keep the process going. It hasn’t been hard to keep the process alive. It’s practical, and everyone is very motivated. Why? Because it saves time! We now send “pre-reads” and clear agendas in advance of meetings. Sometimes we even cancel meetings because everyone agrees with the recommendations in the pre-read. Team 1 now solves many issues peer-to-peer rather than using me as a mediator or a Judge Judy. This gives me more time to visit stores and clients, teach others in the company, and be more productive.

### **How would I know that your team now behaves differently?**

Team meetings are shorter, more candid, more dynamic: the level of discussion is at a higher level because we’ve resolved the simple issues in the pre-work. You’d see less droning on about “the deck” and more time spent making substantive decisions.

### **How have you changed?**

My time is now better spent. I enjoy meetings more, given the level of discussion. I no longer feel compelled to always be the one with the solutions; instead, I encourage my team to bring solutions to the fore. This was an adjustment for me. I like getting my hands dirty. My leadership style has changed from hands-on to hands-off.

### **Would you recommend the HPT approach?**

I certainly would not recommend HPT to our competitors! I don’t want them to have the HPT-level of performance. To CEOs of other companies, I would say that HPT is a way to unleash the full potential of your executive team and save time. I have measurably more time than I used to. 🌱

## If I Were You:

# What's Your 2023 Alignment Agenda?

by Howard M. Guttman



The new year is here. The season to be jolly is over. Now it's the season to get serious, especially if you are in a leadership position in your organization.

The start of the new year is a good time to step back and take stock of your organization's health and effectiveness in key strategic and operational areas. Begin by looking at how tightly aligned the organization is from top to bottom. For an organization to function as a highly competitive, high-performing entity in this era of remote work, hybrid teams, globalization, workplace diversity, and hyperactivity and competition, everyone must "get" and be committed to the same script.

If I were you, I'd focus on these five alignment areas:

- **Strategy**, which involves the direction of the organization, including issues related to competitive advantage, products and markets, capabilities, and expected financial returns.
- **Goals or priorities**. Those critical few deliverables that reflect the strategic direction and drive resource-allocation and performance-management decisions at every level.
- **Roles and Responsibilities**. These include clarity on the "Who, What, Where, When, and How Much" of getting things done individually and at functional and departmental levels.
- **Protocols or Ground Rules for Engagement**. Think of these as agreements, or contracts, for the way we do business with one another. For example: how we make decisions, resolve conflict, and gain closure on issues.
- **Business/Interpersonal Relationships**. This is the ground zero of performance. How effectively we manage the interdependencies, behaviors, and "stories" about ourselves and our colleagues can either move mountains of resistance or create them.

I'd gather my team together as early as possible in the new year for an informal, let-your-hair-down discussion of alignment. Focus on three questions in each of the five alignment areas:

- What is our level of clarity in this area?
- Where are there any points of concern?
- What are the next steps to address the issues that surface?

We were working with a major regional communications company that decided late last year to bring us in to help conduct an alignment checkup. The leader sought to tighten up the organization in the five alignment areas. We first worked with the senior team, then engaged the team's direct reports, and then cascaded the process down through the next levels. Our approach was to review each of the alignment areas and raise the three clarifying questions with the team.

We looked at business deliverables and asked, "Are we clear on what we have to accomplish in the year ahead?" Team members discovered that the 20-or-so issues that had previously swirled around the team were just too many to handle and distracted

everyone from focusing on priorities. They pared the list down to the four or five must-dos that had to be resourced and continuously monitored in the year ahead. This became the team's dashboard for 2023. Team members were then selected to be "on point" for implementation within an agreed-upon timeframe. Gaining sharp focus on the business difference-makers was a critical step forward for the team.

We looked at team protocols and asked, "Are there any concerns here?" One team member described the decision-making process as "clunky." It was slow and inefficient. The team realized that they were overly concerned with gaining everyone's agreement, which tended to retard decision-making and shift the focus from ensuring decision quality to gaining consensus.

When you strip away much of the noise about business relationships, you find that lack of trust is often a repeat offender. This was true with this executive team, as we discovered that a lack of trust was beneath the surface of the team's poor communication, handoff hesitancy, and passive-aggressiveness. We highlighted what the key trust issues were—just putting them on the table created something of a breakthrough. We then had individuals contract with one another to gain resolution.

If I were you, I'd act now to engage my senior team in a frank discussion about how well the team is aligned, how well direct reports and other key teams are aligned with one another, and what actions must be taken to make sure that the entire organization moves as one to meet the tough, competitive challenges that lie ahead in 2023. Do this and you increase the odds that the new year will be prosperous, successful—and happy. 🍀

## Aligning for High Performance

*by Howard M. Guttman*

Is alignment integral to your 2023 top-management dashboard? It's key to becoming a horizontal, high-performance organization. Get a drill-down on the process, possibilities, and pitfalls by watching Howard M. Guttman's quick tutorial, "Aligning for High Performance." 🎥

