

Humanizing Growth Series

Angela Ahrendts & Frank van den Driest in conversation

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Angela Ahrendts



Frank van den Driest



In this conversation, IRG co-founder, Frank van den Driest and Angela Ahrendts, former CEO of Burberry and former SVP of Retail and Online at Apple, discuss Angela's journey from small-town Indiana to leading some of the most important companies and business divisions in the world.

Angela talks about how the values she grew up with became part of her DNA and how they informed her approach to leading businesses and building teams. She outlines how understanding the past of a company is crucial to plotting its successful future.

They discuss the vital nature of thinking like a marketer and how the CMO can be the critical player in the C-Suite as businesses increasingly move to a focus on all stakeholders.

The conversation has been edited and condensed to allow for easier reading.

F My name is Frank van den Driest, and I am extremely proud to welcome Angela Ahrendts to the IRG's Humanizing Growth series. Angela is the former CEO of Burberry and former SVP of Retail and Online at Apple. She is currently Chair of Save the Children and serves on the boards of both Airbnb and WPP (the world's largest marketing conglomerate).

A very warm welcome, Angela.

In the next hour, there are three topics that I'd like to cover. To start with, your journey, then leading change and finally, I want to talk about your expectations of marketing.

Let's start with your journey. You grew up in New Palestine, Indiana, right?

DEVELOPING A PURPOSE AND VALUES

A I did. Tiny farm town.

F You then moved to New York to work in fashion. After stints at brands like Donna Karan and Liz Claiborne, in 2006 you moved to London to join Burberry. Then in 2014, you moved from London to California to join Apple. So, from Indiana, to Burberry in London, to Apple in California, did the teenager Angela have a sense that one day she would be working for brands like Burberry and Apple?

A It's funny. Once I left university and I was at the airport getting ready to move to New York, my mom said, "Well, when will you be back?" Just instinctively, I said, "When I become the president of Donna Karan, mom. Then I'll know that I've made it and I'll come home." And so, literally, fast forward, I don't know, 13, 15 years and that happened, and my mother called me and said, "So are you coming home now?"

I think when you're young, you have a dream. Then somewhere along the way, that dream becomes bigger and you become a part of that dream, and your life takes on a life of its own. So, no, I didn't dream as big or as blessed as my life has become.

F Did you have a sense of purpose as a young girl?

A Yeah. I was raised with a sense of purpose. When you're from a very big family in the heart of the Midwest, it's very family, very values oriented ... I lived in a little neighborhood where there was a church on each end of the street and every summer the picnic tables would line the street. You would have pitch-in dinners as the sun would set.

Life was about people. Life was about giving and caring and loving. My parents would always say, "To whom much is given, much is expected." My dad used to always say, "You need to give 60 and take 40, and then you'll really be happy." I was raised with all of this in my mind. So, purpose and deep ... I always called it my Midwestern core values... it's embedded. It's in my DNA.

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My dad used to always say, 'You need to give 60 and take 40, and then you'll really be happy'

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BUILDING GLOBAL BRANDS

F What was the first time, going from Indiana to New York, to London, to the West Coast, that you realized you could make an impact on a global scale?

A You learn so much along the way. I was so fortunate when I worked in New York. The corporation was Liz Claiborne, but we acquired five to six small companies a year. We acquired Juicy Couture. We'd buy a company at \$50 to \$60 million, write a business plan to get it to a billion in five years. Then we'd buy another one. We bought Lucky Brand. In one year, we bought five tiny west coast brands.

When you work with founders, visionary founders, that have a dream, and you're with this big corporation that's operationally geared, you learn. It was the perfect role for me because you get to work with so many visionaries, but you also needed to rapidly scale their business and let them focus on what they're brilliant at.

I learned a lot in dealing with complexity and taking these businesses international and building teams of people that were culturally compatible with them to make them successful. Because it is all about people and all about teams and putting people in place that they trusted. They had to trust me. I was their partner. Together we had to build an amazing team for them or getting to that billion would never happen.

And so, I learned a tremendous amount there for a lot of years. When I got the call to Burberry, I turned it down at first because I thought it would be boring. I thought it would be too narrow. A single brand? I'm dealing with 22 brands and incredible founders! I really loved what I was doing in New York.

F What made you eventually say yes to Burberry?

A It was interesting. I am loyal to a fault; I loved my team, and I loved the founders. I loved my job in New York. I had three children under the age of 10 and I finally had work-life balance. I loved my boss. Everything was perfect. And so, I said no a few times over the course of a year because I didn't dream it could get any better than what I had. I was so fulfilled and learning and growing.

Then one day, my predecessor at Burberry calls up and I think was disappointed that I had declined the offer. She got aggravated at me and said, "Do you not understand how few women CEO jobs there are in the world?" I think there were like three at that point. She said, "Just think about that. You have an opportunity. This isn't just Burberry. This is bigger than that. This is ... " And so, she put a whole different angle in my head. I felt almost a greater responsibility.

A That was the catalyst. That was the turning point. It wasn't for ego. It was more - if you did it and if you were successful, that would empower more women. That would help more companies understand that there should be many more women CEOs.

F You mentioned you were working with a lot of visionaries in New York before going to Burberry. How does it work? Because you're a visionary leader. Then you work with all these people with their vision. How many visionaries can you have together and still be effective?

I was the conduit. They usually had such a clear vision. They were unbelievable. I was told that my job was to protect them from the big corporation, but then it was to find those links so that we could plug in and make them more efficient and make them stronger, more prepared to scale. You were buying their vision and you were buying them to execute their vision. But hopefully one plus one plugged together would get you to four, five, six.

A To me, in a federation, in a Unilever, a P&G, any big conglomerate, every brand needs a visionary. Every company needs that chief creative. Then, of course, you need a great CEO and a great CFO, but I think that you need an incredible creative in any company today, because they're the ones with the instincts that can look around the corners and warn everyone what's coming and how you must pivot and evolve. But without that creative having a seat at the table, I fear that brands won't keep pace and companies won't keep pace.

THE VALUE OF LISTENING AND LEARNING

F What is your approach to working with these creative and visionary people and keeping their strengths while at the same time also pursuing your own vision?

A The most important is listening. I've always said you have to look backwards before you can ever look forward.

Take Burberry as an example. When I started and it was their 150th anniversary. You look back. Why did he found the company? When was the famous check found and what was the purpose of it? You do all your homework, all the way up to now. Now Christopher Bailey's there. What's your vision? What do you see? Then you have your offsite with your hundred executives. What is our purpose? Why are we doing this?

We came out of it saying the company's been around 150 years. Why are we doing this? Because we're going to be here for this next, let's say, 10 years and our job is to keep this institution strong, relevant so that it can last for another 150 years. That just lifted everyone up and united them around something bigger.

It's no different. You go into Apple. You watch and read everything that Steve did. Why did Steve create retail? Why didn't he give anyone commission? He told them their job was to tell customers things they didn't know. The sales team's job was to educate customers on the products. He said their job was to enrich lives

So maybe we're supposed to continue to educate, continue to enrich lives. Then how do we create an experience to make sure we're doing that? In a data-driven world, how do we now start to measure those qualitative things that no one's ever tried to measure before?

THE MARKETING MINDSET

To me, it's listening and feeling and connecting the dots. I've always said I'm a marketer at heart. I've never been a CMO, but my degree, everything, is in marketing, and at Burberry, I had a marketing lens on everything.

As a marketer your job is to connect the dots between the history, the purpose, the customer, the culture. I mean it's connecting so that this company, this institution - these are living, breathing, powerful things that make an impact. As a CMO you're right in the center of that. It's your job to connect all of those dots.

Really all that I've done is connect the history, dream, and have a vision for the future. But not just me, always with the senior team, everyone united in deciding. But you have to keep the DNA, you've got to keep the thread as you refine and evolve the purpose.

CAREER HIGHLIGHTS

F At the end of your Apple stint, what was your career highlight up until then?

A Probably the two biggest highlights were the turnaround of Burberry and the powerful team that we put together. Not only the fact that we doubled the business in five years, but the fact that we had just told the board we would do it again - literally shortly before I left to go to Apple.

When you unite a team and that team is just going 80 miles an hour, it's incredible... you can accomplish anything, and that's just such a beautiful, wonderful feeling. I say doubled the business, but also, we put 1% of our profits into the Burberry foundation. And so, we were also impacting children's lives.

At Burberry we said how many lives can we touch and transform by the power of our performance? We had five soft strategies and those soft strategies enabled the hard strategies - enabled the revenue and the profit. But it was those soft strategies that created the culture and united the team.

Burberry was just a culmination of everything coming together and being 100% accountable. But I learned ironically that the more authentic I was, the more the teams leaned in.

The more vulnerable I was in 2008, when the world was collapsing, and we were in the middle of building a new headquarters. I called the top 100 together, and said, "We're going to have to decide what we stop, basically we need to cut £50 million out of the business over the course of the next three to four months." I mean Armageddon was happening.

I got teary eyed. I said, "Look, I've never done this before, but I know we can do this. Our goal is to come out stronger. So let's agree. We don't want to cut anything consumer-facing."

But I was vulnerable. I was hurting. And they leaned in even more. I learned these lessons that unless you go through those things, you don't learn.



MOVING TO APPLE

F What on earth did Tim Cook tell you that you left it all behind? I think you even had to leave your children in London and then move all the way to the West Coast.

A Well, and do realize that I was coming up on year 10 at Burberry. I've always said that after 10 years, do you lose your objectivity? It's a tricky timing. And so, I was coming up on year 10.

When I finally ended up meeting with Tim, I will tell you, he's an incredible human. He's a very deep man and he's a man of peace. I felt that immediately. I felt a very natural connection. I mean for the size of that job and what he does, he's an incredible human.

But that said, I had a great job and an amazing team, and we were on fire. So it was the biggest decision of my life. One day, he just said, "Look, what would it take?"

They had a separate store structure from a digital structure. I said, "If you want to combine all of that so that you have one customer experience, and you want to overlay that with your philanthropic efforts, meaning that if you want to do something that is even more responsible, for communities, etc. then that would be something I would seriously consider." From there, the conversation pivoted.



And so, I took Apple as a calling. I went in, I really wanted to pick up where Steve left off. I never met him, but I had such admiration for what he built and why he built it and how he did it. Tremendous respect for it.

We had to create a whole new in-store experience. That experience could actually be the way that Apple gave back to the community. It could tie in education. It could tie in enriching lives.

It was so interesting to me because Apple has hardware and Apple has incredible software, but I would go into the stores and the hardware, the design of the store was great, but there was actually no software in the store. There was not an intentional experience other than maybe at the Genius Bar. But other than that, it was a place to buy something. But you could buy it cheaper, faster online.

That's when we really went on a mission to come up with what should the software of the store be. Maybe it should have a direct connection to what everyone was already doing on their devices, and they would trust Apple to teach them?

If it's the number one camera in the world, then how do we bring that into the store? Maybe we can have photography classes and teach people how to do that better, and what apps and software to use? Down the road, maybe that becomes a career for them?

The same thing with music, there's Apple Music, and everyone's doing that on their phone. They own Garage Band - they own all this software. How do we bring that into the stores and teach kids about music, how to compose music, how to...? So, we said this is the software of the store - all educating, all classes.

And so, by the time I left, they were teaching 80,000 classes a week. In the first year, they taught 3.5 million kids the basics of coding.

I always said that the retail store should be the lightning rod. That it should be where the best of Apple comes together in the greatest 3D experience, if you will. Online is very 2D. You can go there for deep learning. But you go into the store for human interaction and to learn and to connect and to be inspired and to unlock your creative thinking.

First, If you want to go deeper, then we always said that's where the app came in and the app should be the greatest 4D experience - more immersive, using AR and the new technology.

So, each one of them had a purpose - dot com, the best 2D, deep learning. Physical retail, 3D, human connection, different type of inspiring education. Then the app was where we would use all of the new technology. That was how we approached it.

HUMANIZING GROWTH

F I want to talk to you about humanizing growth and leading the change towards humanizing growth. One thing you told me earlier is that at Burberry, you decided very early on you were stopping all conversations with investors on a local level, and the cut down the time spent on investors globally to twice a year. Is that correct?

A Yeah, as the CEO. But we had a very amazing head of investor relations. We had a very powerful CFO. I just had to balance my time, because when you're in a turnaround or when you're in a high-growth business, everyone has a very specific role, and you have to divide and conquer.

I said Christopher should do all the fashion press. Stacey, the CFO, should do all the business press. I didn't even do any local press. I said twice a year, when we do our half yearly, then I will do international press only because we are a big global business.

F I'm mostly interested in the investors, because the investors push many other CEOs to be there every quarter, not only globally but also in all the key markets. You didn't do that.

A No, I did the first year as we were getting the strategy and the vision out. But I was also very clear and I said we're playing the long game. I'm not playing a quarter-by-quarter game. I'm not going to do it. We had a five-year strategy. We articulated very clearly what we were planning on doing. Some will work, some won't work, but there's a brilliant CFO. They will update you on everything quarterly.

But I also I think the most frustrating thing for me with investors was they only looked at the numbers and the numbers were only the outcome - they're only the outcome of a great strategy. They don't ask about culture. They don't ask about your leadership team. So, what we started to do was I said "if I'm going to meet with investors twice a year, we're going to do it the way that I'd like to do it".

We started creating videos and I made the investors sit there and watch a three-minute video before I would have a conversation with them on the numbers. It had our music and it showed everything around the world that we did. It was all the way from distribution and

shipping to new stores, to new categories, to Burberry Acoustic online. It was a video highlighting all of the achievements of the team. Oh, by the way because we did this, now let's look at the numbers.

F How did they respond to that?

A Ironically, I had to fight with my own team at first. They're like, "Well, why are we doing this?" But once they saw the reaction, because it just started the meeting out on a whole different level, and then the investors were like, "Wow. We had no idea." Well, of course you didn't have any idea because you're not reading all of the little details. You're not reading a 300-page annual report to see everything that happened. I just thought it was vital to share the journey in a way.

The interesting thing is we ended up using those investor videos to the 11,000 employees around the world. They ended up even getting out because the employees would share them with family and friends. The irony is these videos that we had created for one stakeholder were tremendously relevant and inspiring for all stakeholders.



F You're on the board of a number of companies. Why isn't every CEO doing what you did? It sounds so logical. Why do all these CEOs give in to that pressure to focus on the next quarter?

A It's a combination of things. I think that probably most CEOs were not CMOs or were not merchants. Most of them come from finance or operations. And that's more their comfort zone. That's not a negative. They're running gigantic corporations.

I think it all depends on the CEO and it depends on your vision for the company and the state of that company. I realized that we were a turnaround, so we really had to pivot, and we had to do it with such clarity.

Every company is different. But it's also how the CEO is wired and what's important to them. That is how I communicate - through storytelling and the narrative. We're humans, right? We're humans. We look each

other in the eyes. We listen, the inflection in our voices, music, I mean things that move us and inspire us. And so, we were able to create those things.

Honestly, it was a huge part of the turnaround of Burberry, leveraging every single medium that we could. Of course, we were on the brink of Twitter and Facebook, our timing with all of that opening up as well. But we were one of the first to really create incredible content and leverage all those mediums that were relatively free at that point. We were just amplifying and taking full advantage of everything that we could.

It's different at every company. What I did at Apple, I learned at Burberry, I did a video every week at Burberry to 11,000 team members. YouTube was really taking off; it was three thoughts in three minutes or less. We shot it from an iPhone.

Then I go into Apple and they're telling me, "Oh, you need to send an email." When I started, there were 55,000 employees on my team. I thought, "Send an email?" Then they would translate it into 30 languages. I'm like, "No, no, no, no, no. No. I have a better idea. We're going to use a phone and we're going to ..."

It really threw them, though, because Apple had not really done that before. I started the same thing. I started doing videos and I started talking to the 55,000. That started to build the connection. Then when you would go into a store, they felt like they knew you. It was very authentic. It was like I'm talking to you. I would always thank them, and I would always share with them things we were working on or important new platforms we were building for them, etc.

Within six months, we said, "We're going to do a huge crowdsourcing exercise. We want all of you to play. We're going to ask you one question. Over the next couple of months, you're going to help us create the new in-store experience." We asked every employee all over the world, "What do you feel Apple should be doing more of in your community?" They would get together, and you can imagine thousands of things came in. Then we'd send it back out and they'd sharpen it.

But they were working together. The stores were working together. By the time it was all done (after a couple of months), we edited it down to eight things that they felt Apple should be doing more of in their community. That helped shape and inform a whole new in-store experience. So they were on the journey with us. They were helping create it.

To me, companies need to be flatter. I don't believe in a hierarchy. I believe that they know more than I know. They're working with customers. It's their community. We said at Apple, we're going to turn ourselves upside down and we're going to turn ourselves inside out. Upside down because you're going to help shape the strategy and inside out because we need to do a lot more for the communities.



F What's the biggest blocker to focus on the long term and the value creation for all stakeholders?

A I think the biggest blocker, honestly, is just short-term reporting. But the onus is also on boards.

At Airbnb, I remind Brian Chesky almost every week that it's his job to dream. They're public now. There are great people that can handle all the quarterly stuff. But there's only a couple of founders that are going to dream of what the future is and where it needs to go and what has to happen ... that's how they'll win. It's a real balancing act between encouraging the leaders to keep innovating and moving forward while, of course, behaving responsibly as a big public company.

F If you want to drive more humanized growth, do you lead by example from the front or stay in the background and empower others?

A It's a combo. It's actually not an either-or. You have to lead from the front, but you have to empower others. I think everyone wants to be led. Everyone wants to know where we're going and why we're going there. Then you step out of the way, and you empower the teams to move forward. I don't think it's perfectly one or the other.

F More focus on internal stakeholders or more focus on external stakeholders to drive humanized growth?

A More focus on internal to start, always.

In bringing along others, use the carrot or use the stick?

F



A Always the carrot.

You're in the human business and you have to unite humans to make a greater impact for humans. I mean it's not rocket science. Then you have to behave like a human, not a robot. You have a heart. Your teams have a heart. They want to feel you. It's not just what you say, it's how you say it.

I'm just constantly amazed that leaders don't understand that. People want to be led and they want to trust you, they want to feel you, and they want to be a part of a team. They want to be a part of something bigger than any single individual thing.

I long for the day when it's a people and impact statement rather than a profit and loss statement, when we reward companies for promoting and hiring, not for laying off. You lay off thousands and your stock price goes up - Is that great for the community?

But we're getting there. I believe that companies have a much bigger responsibility to play. It is not just about profit anymore. This is all coming out in ESG, etc.

F You're on the board of WPP, in your board role, do you talk a lot about ESG?

A Yes, absolutely. On every board. We used to talk about CSR and now it's been rebranded ESG, and that's fine. There's a lot of talk on the environment and everyone's created their sustainability committees.

From a governance standpoint there's a lot of traction there and people know what the marching orders are. It's interesting - the S in the middle is the one that's still not perfectly clear. I think diversity and inclusion is going in there, which is wonderful.

But now as I sit on the chair of Save the Children, I think the companies need to report so much more in there. E.g., How are you partnering with NGOs? You're doing all of this on the environment, but you've already helped destroy it. What else are you doing under the S? How are you leaning in and how are you contributing, whether it's financial or human capital? What are you doing under the S to make an impact? That too, can be measurable.

THE ROLE OF MARKETING

F Doesn't marketing specifically have a tremendous role, almost a responsibility, to step up specifically on that?

A Absolutely. To me, it's almost a gift. It's what marketers need to focus on. It's what customers want to hear. They want to know what you're doing. How are you making an impact? That's been a huge part of Unilever's success over the years. But there are not a lot of Unilevers that have been leaning in like that and partnering like they have, to make an impact.

F Is now a good time to be a marketer?

A It's probably the greatest time in history to be a marketer. But I you have to get a bit out of your lane, because marketing has gotten so broad. I don't even really like the word marketing. To me, it's building a lifelong relationship with every stakeholder. That is your job. And that includes internal, the culture. That's communication. That's marketing. That's internal marketing.

With this whole stakeholder approach, if CMOs decide to broaden their thinking and think of their job as building this incredible relationship with each one of those stakeholders, then I personally believe, that the future CEOs will be the world's greatest CMOs. I really do, because it is about humanizing, connecting, building a relationship, and the CMO should be able to do that better than anybody in the company.

But, again, they've stayed in their lane. You report to the CEO. But what are you doing with all of your peers? The more you broaden your own horizon, and you look at all those stakeholders as your responsibility, then you're setting yourself up on a path to be an incredible CEO, because those left brain, right brain skills are what will be needed to drive great companies as they look ahead and as they drive for results. It's that real balance and CMOs are one of the few that have that mind or are wired like that, but they have to broaden and step up.

F If I look at the CMOs that I consider to be really successful - they have a strong financial and especially business acumen. They're real business leaders. So, it is about the real in-depth business understanding, the drivers underneath the choice for a specific business model and at the same time broaden that scope with all the stakeholders, be the voice of all these different stakeholders. That's a great opportunity and a great challenge at the same time. But it can be done, and we need more of them, right?

A I think so. The world's moving fast, and innovation and technology and all that's enabling.

You need a real balance of right brain and left brain, those instincts and that innovation and creativity and empathy, but, to your point, combined with that operational and financial expertise. You need that real balance.

One of the reasons I love Airbnb is that Brian and Joe both graduated from the Rhode Island School of Design. They're creatives. They're visionaries. They have high empathy. That's why the whole concept was built around 'belonging'. Then you build a team around them, Brian's taught himself the other side of the business. But he uses his instincts first.

Isn't that what Steve Jobs did? Otherwise, I don't know how you stay on the forefront if you're not really looking out and feeling where the world's going.

F What has become of the dreams that you mentioned you had as a teenager?

A I'm just incredibly grateful because my life has been beyond my wildest dreams. I didn't dream this big. I'm just a girl from a small town in Indiana. But I let purpose overtake me and I let people and their partnership and their trust inspire me and teach me.

Everything I've done has been because of people. None of it is me. I'm not good enough. I'm not smart enough. I've been honored to really partner with incredible people that have enabled me to dream and have been a part of that dream. Then, together, we've been able to do incredible things.

Now with Save the Children, I dream I can make an even bigger impact. I dream that I can use all my gifts and my skills and just shift focus and do it in an even bigger, different way now.

F Yeah, it's really there's almost like a paradox in you. On the one hand, you're this small but rooted, very human person. On the other hand, a big dream and purpose. I think the fact that you connect these comes across as a great way to lead.

Thank you for sharing all that.

