

Chapter 5

Organizational Composition

“We might be slow getting started”, Francesca told the journalist, “but remember that the tortoise eventually won from the hare! Just wait, in the coming years you will be surprised by our progress in e-commerce. We expect that within five years more than 25% of our sales will be online, while the growth in the number of our physical stores will continue at the current pace.” As the satisfied journalist left her office, Francesca turned to Paolo, her newly appointed e-commerce director, who had also joined in the interview. She was pleased that they had gotten the message across that shoppers should now also flock to them online. As a leading women’s clothing retailer with hundreds of fashionable outlets throughout the continent, they had indeed been painfully slow at getting their online strategy figured out. For years, their website had been merely a marketing tool, to entice women to come to their shops. But now they had decided to develop the website as a full-blown distribution channel in its own right and Paolo had been hired from a successful internet retailer a few months earlier to make the new strategy a success.

As their conversation continued, discussing the menacing steps of online giants like Amazon and the surprisingly slow response of even the biggest brick-and-mortar retailers like Walmart, Francesca cautiously asked Paolo how he thought their digital transformation was progressing. He explained how challenging it was to figure out which women to target, how to reach them digitally and how to structure the website to serve them best, but that these were all things that would need to be learned along the way. He also shared how difficult it had been to organize the entire fulfillment process, from order-taking to home delivery, particularly because he was counting on 25 to 50% of the goods to be returned.

Yet, the biggest frustration, he had to admit, was getting people in the organization to help him out and to adapt their processes to accommodate the new e-commerce activities. Colleagues had been unresponsive at best, but more often downright hostile, almost sabotaging his efforts. The IT department had not given priority to his needs, finance had ignored his requests to streamline the payment process and the logistics people only saw difficulties in changing how processes had been organized. “And don’t get me started about the pigheadedness of the marketing director, she obviously feels threatened by the new digital world she doesn’t understand”, Paolo groaned.

To Francesca’s question how he was dealing with this resistance, Paolo confidently answered that he had decided to go around the conservative forces instead of trying to get them on board. He had recruited a small band of relatively young people from inside and outside the organization to quickly get the webshop up and running. This team of digital natives all strongly believed in Paolo’s online strategy and were not held back by old-fashioned bricks-and-mortar thinking. Some people had already started calling them the digital guerillas – a *nom de guerre* which they had gladly embraced, even printing black t-shirts with the name against a background of zeros and ones.

Yes, this was the development that Francesca wanted to discuss. Quite a few managers had been at her desk, loudly complaining about how Paolo had been circumventing them. Instead of listening to their advice and engaging in discussion, they claimed Paolo had branded them as obsolete and had started to build a parallel structure inside the company. Even Giovanni, the young head of IT, had complained to Francesca that Paolo’s team wasn’t really open to finding common ground and was now about to establish an incompatible IT architecture under his very nose.

Actually, it surprised Paolo that “the bomb hadn’t burst earlier”, but now that the issue was out in the open, he stated that it was his conviction that the only way to reach 25% online sales in five years would be to create a separate digital unit, not restrained by outdated systems and old thinking. Only a focused and unified digital team could realize the envisioned online growth.

Yet Francesca wasn’t yet convinced. The potential synergies between the physical and online channels were too big to give up that easily. She questioned whether Paolo had truly been open to learn from people with different views and tons of retailing experience. Had Paolo really tried to build bridges between departments and bring everyone into a cross-functional coalition? “Let’s discuss it

again tomorrow,” Francesca concluded. “But Paolo, please consider open-mindedly what would be in our long-term interest – you leading a separate tightly-knit team of like-minded people, or you leading the whole group of directors into the digital world, differences and all.”