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Wanted: Chief, E-Commerce

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By Dana Mattioli

What's the hottest thing on retailers' Christmas lists this year? Heads of e-commerce.

Recruiters say they're spending a lot of their time turning up executives who can build and manage websites, handle increasingly complex inventory management, and unsnarl the logistical problems that come with developing a new sales channel.

The moves are being spurred by the fast growth of online sales and a realization by some big brick-and-mortar chains that they're still behind the curve.

Target Corp. is looking for a new president of Target.com after a disastrous website crash in September led the last person in the job to resign.

In hopes of catching up with competitors, department-store chain Kohl's Corp. is bringing in a new senior vice president, a person familiar with the matter says. The company had \$18.4 billion in sales in 2010, but only \$717 million came via the Internet. "For us to be successful, we have to increase the amount of dedicated executives devoted just to the digital world pretty dramatically," says Kohl's Chief Executive Kevin Mansell.

Wal-Mart Stores Inc. has said it will announce a new CEO of global e-commerce in January, succeeding Eduardo Castro-Wright, who will retire in July.

Smaller companies are looking, too. Jeweler David Yurman has just hired Beth Sash, a former e-commerce vice president at Polo Ralph Lauren, to run its online operations, a person familiar with the matter says.

The rush has created fierce competition for talent. E-commerce heads—who a decade ago made \$50,000 to \$100,000 a year and lurked in the back offices of retailers' catalog businesses or in tech support—have joined the C-suite. Their salaries now range between \$300,000 and \$500,000, on a par with heads of merchandise or marketing, recruiters say. Stars can command total compensation exceeding \$1 million, says Les Berglass, the founder of executive-recruitment firm Berglass & Associates.

Mr. Berglass says that 20% of his assignments now involve looking for someone to head a company's online operations. Five years ago, he was rarely commissioned for such searches.

The scramble has been spurred by the strong performance of online sales, which are growing quickly even as brick-and-mortar growth remains sluggish. Between 2004 and 2010, U.S. retail e-commerce spending grew from \$66 billion to \$142 billion, according to comScore Inc. This year, the total is expected to jump to \$162 billion. Deloitte estimates that one-third of U.S. shoppers' holiday purchases will be ordered online this year.

Meanwhile, pressure is building from online retailers like e-commerce giant Amazon.com, which continues to invest heavily in growth and has just rolled out a new tablet computer — the Kindle Fire — that will give it a new route to consumers.

The importance of a sophisticated e-commerce strategy was underscored in September, when heavy traffic sparked by Target's launch of an exclusive Missoni fashion line brought down the company's website for much of the opening day. The outage angered customers and was embarrassing for the chain. Just weeks before the crash, Target had ended its relationship with Amazon, which had been managing the discounter's online presence and order fulfillment. Target declined to comment.

When brick-and-mortar retailers took their first steps online, they typically gave e-commerce responsibilities to the executives who ran their catalog businesses, says Hal Reiter, chief executive of headhunter Herbert Mines Associates. But now that online retail has become a unit unto itself with its

own profit and loss responsibility, retailers have had to upgrade the talent.

"It is our single largest store in the world, and it's growing at significant double digits," says Lew Frankfort, chief executive of Coach Inc.

In 2009, Coach had a bare-bones website—just a digital version of its catalog—and fewer than 10 employees on the e-commerce side, says David Duplantis, the luxury leather chain's executive vice president of global Web, digital media and customer engagement.

Mr. Duplantis had spent most of his career as a merchant and was leading Coach's North American retail merchandising when he took over the digital business. The company now has e-commerce sites in three countries, informational websites in 17, and a mobile-commerce platform. Coach doesn't disclose the value of its online sales, but it says they are a significant contributor to overall revenue gains.

That sort of complexity is forcing companies to boost spending for both talent and infrastructure. Kohl's, for instance, plans to make large capital expenditures to increase its online sales, which are now only 5.5% the size of its regular business, Chief Executive Mansell says. This year, Kohl's added its third e-commerce distribution center, and it plans to add another in 2012.

When Ron Boire became CEO of Brookstone Inc. in 2009, he found the consumer electronics retailer was using its website only to provide an order form for catalog purchases. In May, he hired Jeffrey Rohling, who is now vice president and general manager of direct marketing and reports directly to Mr. Boire.

Mr. Rohling's résumé—former vice president of direct marketing and online sales for Office Depot and e-commerce positions at other companies—is typical of what retailers and their recruiters are looking for. In the short time he's been there, the company has unveiled a mobile app, has designed a tablet app and has expanded its online product offerings from 3,000 items last year to more than 40,000 this year, Mr. Boire says.

Julie Bornstein, the senior vice president of Sephora Direct, has an M.B.A. from Harvard. Before joining Sephora, a unit of LVMH Moët Hennessy Louis Vuitton, in 2007, she worked in merchandising at Donna Karan, did a year-long stint in investment banking at Robertson Stephens, helped develop Nordstrom's e-commerce business, and spent two years running Urban Outfitters Inc.'s direct business.

The 41-year-old now oversees a team of 75 employees and reports directly to Sephora's CEO.

Some retailers are looking to acquire Web help wholesale. Cathy Leonhardt, a managing director with investment bank Peter J. Solomon Co., says chains are sniffing around pure-play e-tailers, early-stage niche technology companies and search-engine optimization specialists.

In June, Walgreen Co. closed on the acquisition of Drugstore.com, expanding the company's online reach. In February, Nordstrom bought flash-sale website HauteLook. The deals bring in talent as well as technology, Ms. Leonhardt says.

With the online space relatively new, companies are wrestling with who makes the best candidates. Technology veterans are appealing — "The dream person comes from Google," says Mr. Reiter, the recruiter — but may not fit well with the slower decision-making of old-line chains. Reporting lines are also in flux, with e-commerce bosses reporting to everyone from the CEO to the marketing team.

Still, retailers are under growing pressure to get it right. "We're still in the first inning of what will happen with retail and technology," Sephora's Ms. Bornstein says.