
THE DEMOCRATIC REPUBLIC OF BURBERRY



Angela Ahrendts, Burberry CEO, has fostered a common credo of democracy and creativity for employees and customers alike, all in the service of its uniquely British brand

INTERVIEW BY SUSAN GILCHRIST, BRUNSWICK GROUP CHIEF EXECUTIVE

Trying to put into words the concepts that are the foundation of a flourishing brand can be frustrating. With something that is essentially creative, there is a fine line between phrases that can sound like clichéd corporate-speak and genuine management insight.

The task for Angela Ahrendts when she took over in 2006 as Chief Executive of Burberry, an evocative luxury British brand with a history stretching back to the middle of the 19th century, was made even more complex by its unique positioning. It is a company whose founder, Thomas Burberry, had the marketing sense to ensure that cultural totems of his day, such as Antarctic explorer Robert Falcon Scott, were wearing his weatherproofs on their epic adventures; it is a company that later invented the trench coat for wartime, an iconic item of clothing that has since enjoyed myriad fashion incarnations; and more recently, it is a brand that has become strongly associated with youth trends across the social spectrum.

Burberry is, as Ahrendts has described it, a brand of contrasts and she and her team have worked hard to maintain its luxury exclusiveness while also broadening its appeal – or “democratizing luxury,” as she terms it. “If you appreciate art and design and creativity, whether you can afford it or not, you can still be a luxury customer,” Ahrendts says.

While it is one thing to aspire to a company culture with a higher purpose, it is vastly more challenging to translate that into real and lasting change that elevates a business. In the past few years, Ahrendts has drawn praise for breathing new life into the brand, transforming the way it does business and producing remarkable financial results in the midst of a steep downturn.

Awarding Burberry its 2011 “Retailer of the Year” accolade in London earlier this year, *Retail Week* credited the company for its “international success as well as being representative of a great British brand. With great financial results and an interesting move into social media, the judges felt that this retailer stood above the rest.”

This good run, which has included revenue rising consistently to nearly £2bn (\$3.2bn) in 2012, and Burberry’s inclusion in the FTSE 100 index in 2009 – becoming one of the largest 50 constituent companies in 2012 – began with a reevaluation of the brand and a reorganization of management by Ahrendts. There have been many aspects to her new management strategy and style, but Ahrendts says that there were three crucially important decisions made when setting the company’s course. One was to “focus on the brand above and beyond all else.” Another was to “develop a rich, very connected culture.” But, she says, “the most important thing we did, bar none, was bringing the team together.” 



ANGELA AHRENDTS

When she was first approached in 2005 to take on the role of Burberry's CEO, Angela Ahrendts thought she already was in her dream job, as Executive Vice-President at fashion brand Liz Claiborne, where she ran a large portfolio including the Juicy Couture and Lucky brands.

"I had a great work-life balance and the greatest job on Seventh Avenue. We were buying companies, I was working with great people. I didn't think life could be any better," she told Charlie Rose in a 2010 TV interview. What convinced her to move to Burberry? "The real appeal to me was the opportunity ahead, the globalness. And I loved Burberry's history."

Since moving to London in 2006 to run the company, she has led a transformation of Burberry. This has been recognized with many accolades, for example, Interbrand recognized the company as the fourth fastest-growing global brand in 2011.

Before Liz Claiborne, which she joined in 1998, Ahrendts was President of Donna Karan International for six years. She was born and raised in Indiana, and earned a merchandising and marketing degree from Ball State University, Muncie, Indiana, in 1981.

BURBERRY

Twitter: more than 985,000 followers

Facebook: 12.8m "fans"

Retail: 443 stores, plus 56 franchise stores

Spread: operates in more than 80 countries

Employees: 9,500 globally

FINANCIAL PERFORMANCE

YEAR	REVENUE	OPERATING PROFIT, ADJUSTED
2005/6	£743m	£168m
2006/7	£850m	£185m
2007/8	£995m	£206m
2008/9	£1,202m	£181m
2009/10	£1,280m	£220m
2010/11	£1,501m	£301m
2011/12	£1,857m	£377m

Source: Burberry income statements; financial year ends March 31

When trying to understand the changes that Ahrendts has wrought at Burberry, the essential starting point must be Christopher Bailey, for whom she created the position of Chief Creative Officer in November 2009. This is the key relationship within her top team. In *Bold: How to be Brave in Business and Win*, brand consultants Shaun Smith and Andy Milligan wrote in 2011, “Christopher Bailey can perhaps be thought of as the yin to Angela Ahrendts’ yang.”

DEMOCRATIC LUXURY

“It always starts with people,” says Ahrendts. So, she set about a management overhaul, with Bailey’s promotion from his previous role as Creative Director the first step. “People forget, he was only doing the runway show before,” she says. His new brief was as broad as it could be: “To basically oversee anything that the customer sees – stores, online, live shows, all of it – and then we built a huge infrastructure under him to support that.”

Bailey, 41, and Ahrendts had a meeting of minds over the concept of “democratic luxury.” She says, “You know it’s funny, Christopher is from Yorkshire and I’m from a small town in the Midwest, [New Palestine] Indiana. We met at Donna Karan, a luxury company, but I don’t think either one of us got into it to say we were in the luxury business *per se*. We both kind of landed at a luxury company.” Despite their backgrounds, she says, both were luxury consumers by nature.

Nonetheless, there were elements of the luxury business that rankled the pair. “We felt it was terrible that when you walk into a luxury store, you know, people would look at you as if you didn’t deserve to be there and try to make it an intimidating experience. That was just not where he and I were from.”

There was another aspect to Burberry that had begun to change under the previous leadership, but still needed much work when Ahrendts arrived. The brand had endured a long period of neglect and needed to be nurtured, if not fully

Burberry Spring/
Summer 2012
campaign featuring
model Cara
Delevingne

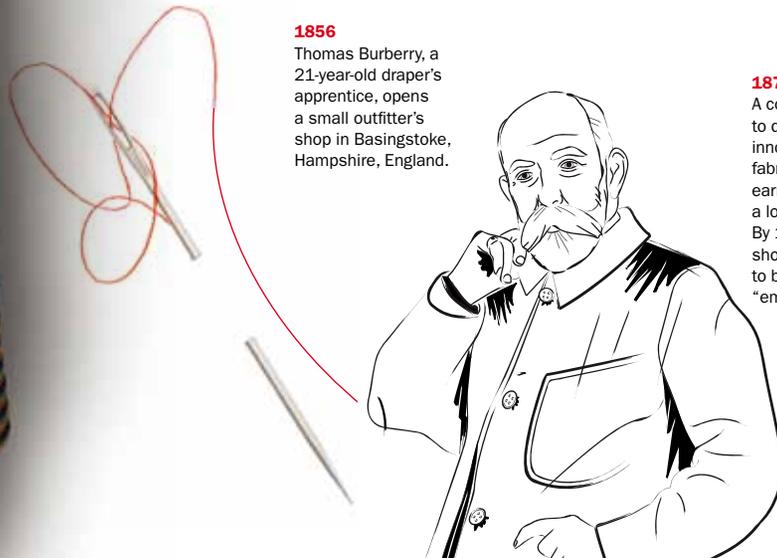


1856

Thomas Burberry, a 21-year-old draper’s apprentice, opens a small outfitter’s shop in Basingstoke, Hampshire, England.

1870

A commitment to quality and innovation in fabric and design earns Burberry a loyal following. By 1870, the shop has grown to become an “emporium.”



resuscitated. Cathy Horyn, *The New York Times*' fashion critic, had written that after the early 1960s heyday when Audrey Hepburn wore a Burberry trench coat in *Breakfast at Tiffany's*, "Burberry's grandeur had been leached out of it. And all that remained for the next 35 years ... was to sell the Britishness of Burberry, without real content, as if it were a paper Union Jack in a Piccadilly souvenir stall."

Ahrendts knew where to start. "Christopher always used to say, 'We came from a trench coat. We dressed the military. That's a part of our DNA. That's a part of our heritage.' He used to talk about how he loved that aristocrats wore the brand and he loved that street kids wore it too – he coined the term 'disheveled elegance' to describe how they would mix," she says.

If Ahrendts charged Bailey with creating Burberry's "content" and setting the overall tone – to be the company's "conceptual brand visionary," its "brand tsar" – she set about making top management appointments that were aimed at delivering other essential aspects of the business, especially the customer experience. She created the position of Chief Operating Officer, appointing Andy Janowski, a former Gap and Banana Republic executive who had been running Burberry's supply chain, to rationalize its delivery, especially as the business became driven more by digital relationships on a global scale.

Reg Sindall was hired from GUS, a British retailer and former owner of Burberry, to handle the front end of the business. "We had a luxury brand but with no infrastructure for sales, service, training, none of that," Ahrendts says. "Reg created 10 departments to handle that. Today we have 80 customer service people around the world that are live 24/7 in 14 languages."

More recent key appointments include John Douglas, who was promoted internally to the new position of Chief Technology Officer, which Ahrendts says reflects the central role that technology is playing in the company's strategy. As she told the World Business Forum in a speech last year, "When I joined Burberry, our CTO was a Chief Information Officer, on his 13th SAP implementation, sitting at the back of the bus where technology often sits, seeing itself as a service and support function. I said to John, 'We need you to move up to the front of the bus – our competitive edge is how we use technology.' The Chief Creative Officer is the vision for the brand, and the Chief Technical Officer enables that vision to get out to our audience." This top team and the organizational structure are constantly evolving: some other recent hires include people to run social media, customer insight and mobile functions.

CONNECTED CULTURE

Ahrendts has simultaneously developed a sometimes dizzying array of interlinked concepts and initiatives aimed at supporting and nurturing the brand. Her central idea to make all this work is a "connected culture" that

marries Burberry's brand ideals to the company's organization and ethos. In other words, the connected culture is a concept meant to make sense for everybody in the company of the "hard" and "soft" strategies, and to link Burberry staff to the company's brand ideals and to its customers.

An example of the connected culture is the idea that if democratic luxury is promoted externally, then democracy must be promoted internally as well. "When I started, only 10 per cent of our employees were in on a bonus scheme or had any shares in the company," Ahrendts says. "If you're going to be democratic, then you have to get that out to everyone and by doing that, it unites the culture." 

"IF YOU'RE GOING TO BE
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1880

Gabardine – a breathable, weatherproof and tearproof fabric – is developed.

BURBERRY'S
"GABARDINE"



1891

Now trading as Thomas Burberry & Sons, the business opens a shop in the West End of London at 30 Haymarket.

1895

Burberry develops the Tielocken, the predecessor of the trench coat, which is adopted by British officers during the Boer War.



Another “connected culture” concept reflecting Burberry’s brand values in the organizational structure is the idea of a “young old company.” In terms of the brand, the company wholeheartedly embraces its rich history while also focusing very clearly on the younger customers whose lives revolve to a considerable degree around social media – the “millennial customer.” This has manifested itself in many forms: promoting unsigned bands via Burberry Acoustic; devoting considerable resources to Burberry World online, as well as Burberry’s multimedia presence on Facebook and Twitter; supporting young creative talent through the Burberry Foundation; and the association with young British actors, such as Emma Watson and Eddie Redmayne. Digital marketing in all its forms is key to every aspect of the strategy, while Burberry’s Britishness is emphasized consistently.

At the same time, this idea of the young old company is reflected in the company’s organization. Ahrendts recognized that Burberry employees, like its target customers, are young – 70 per cent of those who work at the company’s headquarters are under the age of 30. To capture this theme institutionally, Ahrendts created two linked bodies that, on the one hand, allow ideas to flourish and, on the other, follow through and turn the best of those ideas into brand-enhancing initiatives.

The Strategic Innovation Council is a formal monthly forum that Ahrendts set up to gather the “young next generation of great thinkers” at the company. Chaired by Bailey, “the remit of this council is to dream,” she says. Alongside it is the Senior Executive Council, chaired by Ahrendts, who says that its purpose is “to execute this young vision.” These forums send an important message:

“YOU NEED MIND SHARE
IF YOU WANT
MARKET SHARE.
AND YOU HAVE
TO ENGAGE”



“We actually flipped the traditional hierarchy, and the way we communicated these councils showed the entire company that we were serious about being creatively led.”

Her new top executive team – incorporating the positions she has created – as well as the elements of “connected culture” were put in place so that there could be what Ahrendts calls “a laser focus” on the brand. If it works it creates a virtuous circle. Ahrendts reckoned that this was the way to change the culture and unite the company, which had become somewhat fractured and disconnected. It was a way to reinforce the goals of refreshing the brand and learning to market better globally in a challenging, digital-driven environment.

“It’s not just about the structure, it’s about having a creative thinking culture,” Ahrendts says. “We do this by putting the brand first. This is how we keep everyone united and aligned. It removes ‘self’ and neutralizes egos. And with this alignment and intense brand focus, we can now launch big brand projects.”

COOL BRITANNIA

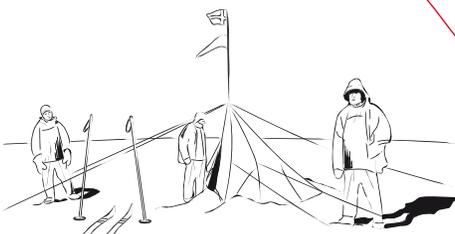
The brand revival was a tricky operation to pull off. It meant respecting Burberry’s history while also making it cool and modern. Burberry’s employees would have to get behind it. “We told them all very early on, we are not writing another book. We are writing another really exciting chapter of a great brand’s history. The brand is going to outlive every one of us, so it’s our generation’s job, while we’re stewards of this great brand, to make it relevant and to keep it as healthy as we can so we can pass it over to the next generation.”

The virtuous circle of this approach is illustrated by the evolution of the digital strategy. To create compelling content,



1901
The equestrian knight trademark appears for the first time, accompanied by the Latin word *prorsum*, meaning forwards.

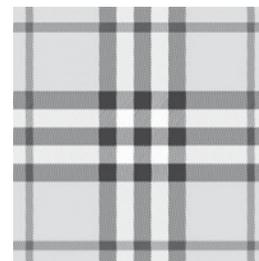
1911
Equipped by Burberry, Norwegian explorer Roald Amundsen becomes the first man to reach the South Pole.



1914
Commissioned by the War Office to adapt its earlier officer’s coat for new combat requirements, Burberry adds epaulets and “D” rings, and the “trench coat” is born.



1920
The Burberry Check, registered as a trademark, is introduced as a lining to the trench coat.



1955
Burberry is awarded a Royal Warrant by HM Queen Elizabeth II.

an in-house creative media team has been set up. “We needed a sound,” says Ahrendts, “and we asked ourselves: ‘what is the sound of our brand?’ We are a British brand and that guides our sound. So we have a Music Director who goes looking for young, unsigned British bands. Through Burberry Acoustic we give these bands exposure and they give us exclusive content. We originally created this content for consumers but it is also a great connector internally. Employees can take great pride in what they are helping to build.”

Ahrendts also feels strongly about the revolutionary impact of social media, though she reckons the corporate world is lagging behind the rest of society on this front. For Burberry, she aims to create a “social enterprise” that is comfortable in the language of social media, that links the traditional customer relations management platform with media like Facebook, and at the same time connects employees, suppliers and customers. “Our entire enterprise will in essence be one digital social network,” she says. This will require constant experimentation, such as the company’s launch of its Burberry Body fragrance worldwide via social media, which involved an advertising campaign featuring British actress Rosie Huntington-Whiteley wearing just a trench coat, which generated 220m views via Facebook in its first week alone.

For Ahrendts, the goals of the business may remain traditional but the method of achieving them has evolved. “Burberry is up there in the top five of all global luxury brands, and I remind our people around the world that it is our responsibility to deliver very consistent performance. But to me, revenue and profits are the end game. How you get there is creating compelling content to engage with consumers across whatever channel they opt to shop in, or view,” she says. But that means looking at things somewhat differently than before. “The digital team would come in and want to tell me all the traditional retail metrics. ↗

Burberry Spring/
Summer 2012
advertising campaign
featuring up-and-
coming actor
Eddie Redmayne



1989
A second Royal
Warrant is
granted by HRH
The Prince of
Wales.

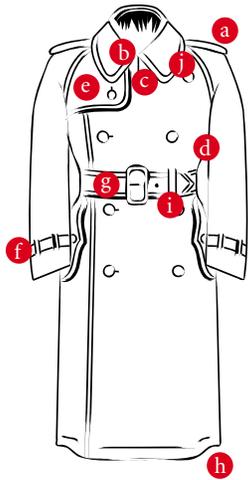


2009
Burberry launches the
Art of the Trench
(see box on following page).

THE ART OF THE TRENCH

The Design Council, the official champion of British design, couldn't have put it better when describing Burberry's resurgence, attributing it to the re-imagining of "a previously staid and traditional British clothes manufacturer as a brand that could be simultaneously vintage and very much of the moment." In a case study, the Council highlighted Burberry's use of digital media, specifically the Art of the Trench (artofthetrench.com), which Burberry describes as "a living document of the trench coat and the people who wear it," featuring customers' photos as well as portraits by well-known photographers such as Scott Schuman.

Making the trench coat central to Burberry's brand image was something Ahrendts wanted to do from the outset to underline the company's deep roots. All of Burberry's heritage rainwear is still made in Castleford, in the north of England. The factory has been making Burberry trench coats for 80 years and 100 tailors undertake 300 different processes in making a single "Made in England" trench coat, which retails for around \$1,800.



Anatomy of a trench coat

a epaulets b throat latch c hook and bar
d back rain shield e gun patch/storm flap
f cuff straps g trench belt/buckle h lining
i "D" rings j set-in sleeve/raglan sleeve



But I always ask them, ‘Tell me how long people stayed on the site. Tell me how long they engaged with Burberry Acoustic, how long they engaged with Burberry Bespoke, how long they viewed the Foundation.’ That’s why I say that we’re a media content company. The higher the engagement – with Burberry Acoustic, Burberry Bespoke, Burberry Foundation – the higher the propensity to purchase the brand someday, somewhere, through some channel. You need mind share if you want market share. And you have to engage.”

Ahrendts spells it out further. “We didn’t do Burberry Bespoke to make money. We didn’t do Burberry Acoustic to make money. We didn’t do Art of the Trench, our social media platform, to make money. We did all of that to have the customer engage with the brand.”

BUILDING SOCIAL CAPITAL

An aspect of Burberry’s brand-building that emerged from a broad cultural aim is the Burberry Foundation, an independent charitable foundation established in 2008. It was a key part of the early discussions Ahrendts had with Christopher Bailey while they lunched at the Asiate restaurant in the Mandarin Hotel overlooking Central Park in New York, contemplating what the Burberry brand should mean.

“We sat there for hours and we talked about the culture – about building a compassionate, giving, caring culture. We felt that was our moral imperative. At that lunch we came up with a program called Check Cares [after the emblematic Burberry check] and we said, ‘We’ll know that we have done a great job when some day, someone sees the Burberry check and they will know it has helped do some good in the world,’” Ahrendts recalls.

The Foundation’s broad goal is to provide opportunities for young people, typically those who are at some disadvantage, to explore and develop their creative potential. It targets the communities in which Burberry operates and aims to support organizations that also provide opportunities for Burberry employees to volunteer. Groups that the Foundation has been involved with include Robin Hood, which works to alleviate poverty in New York City; KELY Support Group, which helps young people in Hong Kong; and City Year London, which also works with young people through schools in the British capital.

The Check Cares program initially raised money by donating a percentage of each retail purchase of the British-made Burberry iconic cashmere muffler and the heritage trench coat to the Foundation, with a Check Cares logo at retail points advertising the link. The Foundation has grown and developed fairly quickly. “A year on, we got the board to approve that 1 per cent of the company’s profits would go to philanthropic causes, most of it to the Foundation,” Ahrendts says. 

Main photograph: The Sartorialist/Burberry

THE MILLION SQUARE FOOT STORE

One of the fundamental transformations at Burberry since Angela Ahrendts took over is the switch from being primarily a wholesaler and brand licensor to being a cutting-edge retailer, especially online. “We are 72 per cent retail today,” says Ahrendts. “That is polar opposite from where we were six years ago.” At the heart of Burberry’s brand refocus has been digital innovation, and the company is now recognized as a groundbreaking online retailer.

In a recent report by Deloitte, *The Changing Face of Retail*, the consultants cited Burberry as ahead of the game in recognizing how technology is profoundly changing consumer behavior. “The role of the store will evolve to become one part of a much more complex and challenging relationship between the retailer and consumer,” and Burberry is showing the way, Deloitte says. “At the beginning of each season, Burberry turns its London store into an entertainment destination, engaging with customers through an audiovisual experience featuring big screens and iPads.”

Ahrendts says that when she and Christopher Bailey worked on the brand strategy, “we both looked at each other and decided that with the resources we had at that point we knew our money would go 10 times further if we did it digitally.” Concepts such as Burberry’s Retail Theater, which kicked off with the Spring/Summer 2011 show, meant that live fashion shows, featuring Burberry Acoustic music, could be broadcast simultaneously to 25 stores around the world. Customers were invited to these “exclusive digital events” via a personal video message from Bailey.

Anyone, anywhere in the world, could also watch the show on the internet and order online. A technology partnership with Verizon and SAP meant that orders could be placed on Burberry.com in stores, via iPad. This approach is at the heart of the retail growth strategy, linking the physical store experience with digital – or what Ahrendts refers to as “the million square foot store.”



Under the direction of Chief Creative Officer Christopher Bailey (right), in 2011 Burberry broadcast its Spring/Summer collection show live to stores worldwide





BURBERRY AS IMPRESARIO

Burberry Acoustic was introduced at the Prorsum Spring/Summer 2011 menswear show as a way of leveraging the company's reputation for fostering British musical talent.

The idea was to build on the positive notices that Burberry – specifically Christopher Bailey – had garnered for its eclectic (and very British) musical selections for its shows by showcasing unsigned British bands.

GQ magazine described the first effort as “a set of three gorgeously filmed music videos,” which included then 16-year-old Misty Miller, who went on to release her first album in 2011. Dozens of bands have since been featured by Burberry Acoustic, including (pictured above, from top) Wolf Gang – now signed to Atlantic Records – the London quartet Life in Film, and One Night Only.

Selections of the Burberry Acoustic tracks have been released via iTunes and other channels, sometimes together with tracks by established British artists, such as The Pogues and Elton John. Burberry has also featured the bands via its YouTube and Facebook pages. The mode of exposure has garnered almost entirely positive commentary for the bands and for Burberry Acoustic.

As one design blogger put it, “Burberry are one of the best examples of fashion brands getting social engagement right.” And while some otherwise marketing-savvy companies have made embarrassing missteps with contemporary music, *NYLON* magazine, in its review of Life in Film, referred to the band's “Christopher Bailey cred.” That is the kind of notice money can't buy.

It has also provided a focal point for broader thinking about how Burberry operates in a world that has become both more socially conscious as well as more socially connected. The manner in which it pursues philanthropic goals dovetails neatly with the creation of a “social enterprise” by leveraging social media and other connections between Burberry employees, customers, shareholders, and suppliers to serve both a commercial and a broader social purpose.

“So, we unite everyone around the greater good,” says Ahrendts. “And it's not just us and Burberry's employees. We ask, ‘How do we now link in our suppliers? How do I get investors to understand that this is what connects the culture, that our performance is what will empower us to do greater things. How do I get my suppliers to understand it, to give towards it?’”

Ahrendts explained in her World Business Forum speech that companies – especially those with great brands – are playing an increasingly larger role in the community. Society needs companies to provide their expertise and resources to help solve problems and increasingly expects them to do so, especially the younger generation of potential customers and employees.

It is a key component of the connectedness that Ahrendts wanted to create in order to tie stakeholders to Burberry's brand values, particularly its employees. “I think that is why they are so willing to give of themselves: financially, they volunteer, they mentor. We've touched the lives of 5,000 kids around the world in the past two years through all our programs.”

SETTING A COURSE

Though Burberry's roots are still apparent in the ubiquitous coat and its sense of rooted Britishness, the business has changed fundamentally in a relatively short period. It has gone from being a privately-owned fashion wholesaler to being a public company and purveyor of one of the world's top luxury brands, connecting directly with customers via the virtual formats that many now prefer.

Ahrendts says that Burberry's core values are “protect, explore, and inspire.” These kinds of statements can so often seem empty if they are not backed up by real institutional change that brings out the best ideas and follows through in practical ways.

Ahrendts says her aim has been to give Burberry's core values substance by harnessing the drive and creativity that were already there. “Our young, competitive teams love being at the forefront, so we challenge them to explore new things constantly. We want them to be free to watch, to listen, and to learn. We have given them the forums and the venue so they can be heard. Because how else are you going to continue to move something this big?” 🎵

Susan Gilchrist is Brunswick Group Chief Executive, based in New York.