



CRISIS LEADERSHIP IN REAL TIME

Experienced retail board member
Joyce Roché talks about guiding Macy's Inc.
through the pandemic.

By Annie Ferguson

The crises of 2020 have often reached filmic, if not biblical, proportions. The twist? There is no script for running a business during a global pandemic. Yet leaders like Joyce M. Roché, a board director of Macy's Inc., continue to write and rewrite the script as they guide their companies through the ever-evolving COVID-19 crisis.

"No company, or even any individual, would have ever assumed that we would be dealing with this," says Ms. Roché, who was the president and CEO of Girls Inc. for nearly 10 years; held high-level jobs at Avon Products, Inc., Carson Products, Inc. and Revlon, Inc.; and has served on the boards of Fortune 500 companies such as Anheuser-

COURTESY MACY'S



“I would say the most important thing is that the board and management have to be flexible. They’ve got to be nimble. They’ve got to learn some new ways of functioning.”

—Joyce Roché, Board Member, Macy’s

Busch Companies, LLC and AT&T.

“Retail is a very dynamic business,” she says. “And in recent years, it’s not been for the faint of heart—that’s for sure. It’s an industry that is on the pulse of what is happening with consumers.”

Macy’s Inc. owns Macy’s, Bloomingdale’s and Bluemercury, and business for all three of its brands has suffered due to the coronavirus pandemic. As a result, thousands of its approximately 130,000 employees were laid off. To make matters worse, business was challenging before the pandemic struck. In February, Macy’s Inc. announced that it would close a fifth of its nearly 780 stores over the next three years.

As with other retailers, the pandemic has affected every operational aspect of Macy’s. Stores were closed in mid-March and did not start reopening until early May. As a result, the iconic New York-based department store suffered a 45% drop in sales during its first quarter compared to the same quarter last year.

However, the board of directors remains cautiously optimistic and quick to act. After all, rapid change has been the norm in the retail industry for the last several decades due to shifting consumer habits.

As an omnichannel retailer, Macy’s Inc. runs a spectrum of consumer services based on people’s purchasing habits in many categories. And it has learned valuable lessons while navigating the pandemic, says Ms. Roché.

“There’s not just one way that consumers want to shop,” she says. “So the omnichannel strategy became a critical underpinning. The biggest challenge is the speed at which this evolution has happened. I think as we look at it through the consumer lens, there are those who shop primarily online and those who shop primarily in stores. The bigger group is actually one that shops in a hybrid environment.”

Macy’s adapted with buy online, pick up in-store and ship-to-store before >>>



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the COVID-19 pandemic. But the store shutdowns threw everything into a whirlwind. “During the pandemic the whole idea, which wasn’t even in the equation, was curbside pickup,” Ms. Roché explains.

Consumers are evolving and directing how they want to be served, the board director says. “That’s been a huge opportunity, but a huge challenge as well because, of course, we were a brick-and-mortar place. Luckily, we started investing in the e-commerce business early on.”

Ask Questions, Offer Advice and Take Action

With the company’s size, range and complexity of markets, communication has been vital for Macy’s Inc. Employees, customers and vendors were all asking questions. “You’ve got to understand who you need to communicate with, who needs to know what’s going on and solicit, as much as possible, thoughts and ideas,” says Ms. Roché. “Crises usually are things that you can’t just say, ‘I’m going to take a little while.’ No, you’ve got to address them immediately.”

The board of directors and executive leadership began to meet weekly to discuss all aspects of the business, such as preserving liquidity, projecting financials based on various scenarios and evaluating long-term financing options. In those meetings, the board could see the different hypotheses and ask questions, offer advice and provide a different point of view, Ms. Roché says. “We have a very broad group of directors who are experienced in different aspects of different industries. We’d ask each other, ‘What are you hearing? What’s impacting your business? What’s going on here?’”

From these meetings, Macy’s Inc. established health protocols and safety precautions, such as clear plastic panels at checkout counters and increased ventilation

in the stores. “As we started to reopen, there still was some hesitation from consumers. People started coming back, but some prefer to just order and pick up at curbside,” Ms. Roché says. “So that was a whole new dynamic that was brought forward during this process.”

Create Robust Risk Management

A strength of Macy’s Inc. is its robust risk management, and Ms. Roché recently served on a panel discussing the topic. “My advice: Take risk management seriously. There will be things like this [pandemic] that you will never assume, but hopefully there are elements of those top risks in your business that apply to actions you have to take relating to this [present crisis].”

The risk management process at Macy’s Inc. starts with executives identifying the key risks, and then it “cascades all the way to the board.” It decides whether they agree with the risk assessment and identify factors that might be missing. One of the top risk assessments: the need to close a store or a region of stores due to natural disasters. “Or even things that aren’t creatures of nature, like active-shooter situations,” Ms. Roché says.

The pandemic took a more common risk scenario to a much higher level when Macy’s Inc. had to close more than 750 stores at once. Because of its well-established e-commerce business, Macy’s Inc. was able to meet consumer needs at least partially by providing a viable shopping alternative. But nothing could have completely prepared the company for the pandemic, says Ms. Roché.

“The magnitude has been something else—it’s touched every aspect of the business. I would say the most important thing is that the board and management have to be flexible and learn new ways of functioning.”

COURTESY MACY’S



HEARTS OF THE MATTER

Macy's loves New York City—and vice versa. The message was clear in this eye-catching storefront exhibit.

Take a Holistic View

The human brain is wired to narrow its focus when facing a threat, a response that starts in the amygdala region. It is a survival mechanism designed for self-protection. In a business crisis, this could mean that all company executives see are the problems right in front of them.

The very nature of boards is protection against the adverse effects of this otherwise understandable response. In *Harvard Business Review*, Eric J. McNulty and Leonard Marcus write, “Leaders need to intentionally pull back, opening your mental aperture to take in the midground and background. It is what we call meta-leadership—taking a broad, holistic view of both challenges and opportunities. Properly focused meta-leadership fosters well-directed management.”

Ms. Roché believes Macy's Inc. has been positioned to do just that. “As a board member, you know that your role is to support and ensure the viability of this

business. And you're brought there to do this job with a different expertise.”

In a crisis, especially among board members, there is not much second-guessing either, according to Ms. Roché, who wrote her business memoir, *The Empress Has No Clothes*, about conquering self-doubt. “We have people with so many different areas of expertise that when you're in a crisis like this, the doubt seems to a great degree to be mitigated. It's OK if you're concerned about whether it's right because everybody's dealing with the unknown at this stage.”

Examining crisis leadership more closely will be an important aspect of business going forward, as industries take stock of all they have learned in 2020. Perhaps there is another book in Ms. Roché's future.

“This whole idea about leadership is an interesting one, as we think about what's going on today,” she reflects. “You've got a responsibility to a lot of different people. And you need to be able to do your part to try and get to the place you need to be.” **IQ**

PROFILE: JOYCE M. ROCHÉ

A Louisiana native, Ms. Roché is a graduate of Dillard University in New Orleans, where she is an emeritus board member. She earned her MBA in marketing from Columbia University and completed Stanford University's Senior Executive Program. In addition to the board of **Macy's Inc.**, she formerly served on the boards of **Anheuser-Busch Companies, AT&T, Tupperware Brands, Dr Pepper Snapple Group** and **The National Underground Railroad Freedom Center**. Ms. Roché was the president and CEO of **Girls Inc.** for nearly 10 years after tenures as president and COO of **Carson Products** and director of marketing at **Revlon, Inc.** At **Avon Products**, she became the company's first African American female vice president and its first vice president of global marketing.