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# The Long View by *Vogue Business*: Diversifying the top rungs of luxury

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## The Long View by *Vogue Business*: Diversifying the top rungs of luxury

While luxury, fashion and beauty's biggest players are finally starting to open the doors to diverse talent at the bottom ranks, leadership positions are still largely filled by wealthy, white, straight, cisgender, able-bodied men. Pressure is growing on companies to demonstrate that diversity, equity and inclusion (DE&I) at the most senior levels is a strategic priority in 2023, as they seek to attract and retain talent in a volatile market.

"Our industry is facing tremendous growth, and therefore handles large volumes of recruitment — as a group, we recruit 36,000 people on average a year," says LVMH chief diversity officer Vanessa Moungar. "To sustain this growth, we need to bring down industry barriers and recruit people from diverse backgrounds, life and work experiences."

In Europe, at board, executive and manager levels in fashion, representation for women is below 40 per cent and below 10 per cent for ethnic minorities (sometimes referred to as the global majority), according to a report released by the British Fashion Council in partnership with executive and leadership advisory firm The MBS Group. In the US, across all industries, women of colour fill 4 per cent of C-suite positions, men of colour 13 per cent, white

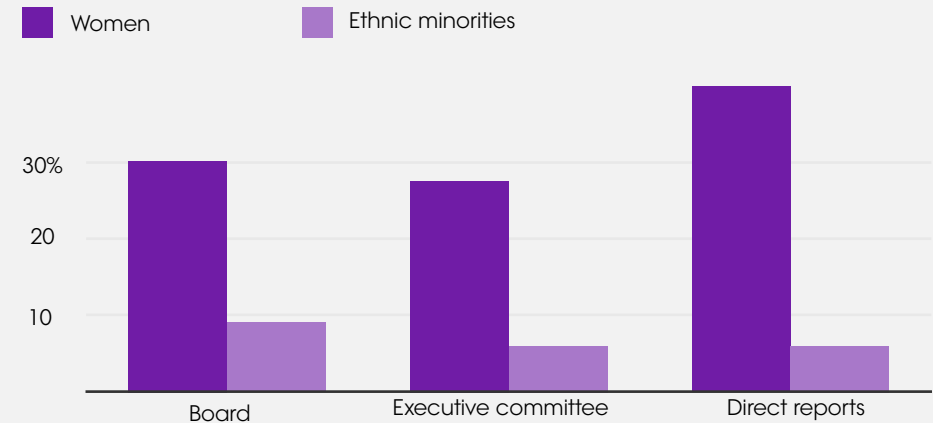
women 20 per cent and white men 62 per cent, data published by McKinsey in 2021 shows.

Change is often slow at the top, but improving the diversity of decision-making positions is necessary to challenge the exclusionary structuring of the industry. "(It) is a top priority, not only to reflect the reality of our business and the diversity of our talents and clients, but also as a source of performance. The complementarity of diverse profiles can only make our teams stronger," says Moungar.

"There's a stark contrast with those brands who have a really engaged board and CEO who believe it's their responsibility to drive strong diversity and inclusion through the business as a central value," says Matthew Dixon, director of fashion and luxury at The MBS Group. "Those businesses perform highly, have engaged strategies — it permeates every aspect of the business, whether that's your supply chain, design, marketing."

However, challenges will persist in 2023, as economic conditions worsen. Many organisations will be looking to streamline their internal structures to cut costs. DE&I must be at the forefront of that conversation, not allowed to fall by the wayside as in

### Representation at senior levels in European fashion companies

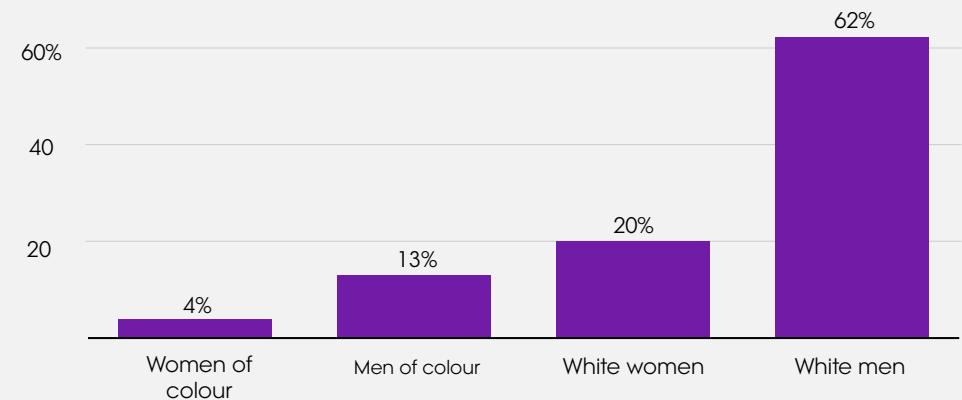


Data from more than 100 fashion businesses in Europe

DATA: THE BRITISH FASHION COUNCIL AND THE MBS GROUP

### US representation at C-suite level by demographic

Figures in 2021, across all industries



DATA: MCKINSEY

previous downturns, experts say.

"After the (2008) financial crisis, there was a real dip in representation in senior teams and it took almost a decade before we saw the (recovery)," says Christin Owings, who leads Boston Consulting Group's (BCG) work in change management in the Western Europe and South America regions. "For many organisations, representation is the fair weather topic for when things are going well, but have they really addressed the fundamental things so that when we hit the next downturn we've made more systemic changes (that last through these periods)?"

"Because of Covid, many CEOs had furloughed their (DE&I) programmes. Then after the murder of George Floyd (in 2020) all of a sudden companies asked, 'who's going to do something?'" says Shannon Schuyler, chief purpose and inclusion officer at PWC and co-lead of the CEO Action for Diversity and Inclusion, a coalition of 2,400 US CEOs from companies including Tapestry, Ralph Lauren, Capri, The Estée Lauder Companies and L'Oréal USA committed to advancing DE&I. "It's not a disposable notion. It has to be something that you look at as really core to operating and sustainability of a company."

### Proactive hiring strategies

Companies say the main barrier to change has been that luxury, fashion and beauty tend to hire from the same pool of

candidates. "We are a rather incestuous industry, and we have hired from one another," says Marilu Marshall, senior vice president, executive management and chief inclusion and diversity officer at The Estée Lauder Companies. "In recent years we have become far more holistic in our approach to how we look at talent. We have become far more creative and innovative in how we think outside the box and hire people who perhaps don't have the traditional background that we used to look at in the past." For example, by looking to industries outside of beauty to recruit, and using DE&I-focused executive search firms. Led by Nicole Monson, SVP of equity and engagement, the company has been focusing on reaching racial parity at all levels by 2025.

Some companies are developing relationships with top talent ahead of time to streamline the hiring process when a role does become available, allowing for DE&I to be considered in advance. Farfetch, for example, has a nominating and governance committee, which helps to shape its board. Every quarter, chief people officer Sian Keane updates the committee on the company's succession planning and executive leader development, with an eye on improving the diversity of its executive team in the long term. Tapestry, the parent company for Coach, Kate Spade and Stuart Weitzman, is looking into "relationship-based recruiting" for leadership positions, where the company proactively connects with talent for months

or even years before positions become available, says David Casey, chief inclusion and social impact officer.

Making a shift also requires companies to fundamentally reconsider the sort of candidate they're looking for. "Years ago, the phrase people used was 'culture fit'. Organisations looked at success profiles, who's doing a great job and tried to find more people with similar backgrounds," says Semoneel Bamboat, vice president and global head of diversity and inclusion and talent acquisition at Capri Holdings. "Today, we look for a 'culture add'. We have enough people who have one perspective, we want a different perspective. We want someone who's going to bring creativity, who's going to think (in a way) that is totally different to what we already have — someone who can bring up a contrary opinion. Isn't that what you want?"

Diversifying the workforce is a top priority for Capri, which owns Versace, Jimmy Choo and Michael Kors, increasing hiring of underrepresented groups in the US from 63 per cent in fiscal year 2021 to 70 per cent this year by finding ways to creatively source talent. "New ways in which we recruit and attract diverse talent include utilising social media platforms, increasing partnerships with schools, external organisations and highlighting DE&I efforts publicly," says Bamboat. The company promotes internally where possible, but also actively creates positions for exceptional talent found outside the company. "If we're only going to think about diversity when

a position opens up, how are we going to drive success unless we think of it in a multifaceted approach? Now we look for incredible talent (outside the company), and we create positions for them using our exceptional talent fund." This can't be done in isolation: it's important to create a safe inclusive space so that talent feels at home once they join the company, she adds.

### A clearer path to progression

The number one reason why people leave jobs is because of lack of career development, according to McKinsey. Progression is even harder for employees from underrepresented backgrounds. "We're not doing enough to build up diverse talent to take them from mid-level roles to management positions," says Daniel Peters, founder of training firm the Fashion Minority Report. "The problem a lot of ethnic minority people face is having to jump to different companies to try and get a sliver of a higher salary or just more opportunity to thrive within a business."

Movement at the top is often a waiting game, but companies should be thinking about building the pipeline to progression. "By the time you get to the very top and you're in a senior position, you tend to find people have longer tenures and there are not always available seats. If somebody leaves then you can think about how you diversify your pipeline and then you can think about how you engage with a different talent pool," says Shereen Daniels,

HR expert and author of *The Anti-Racist Organization: Dismantling Systemic Racism in the Workplace*. “So then the question becomes, rather than ‘who are we kicking out of a seat?’ it’s ‘how can we create more seats?’” This could mean allowing junior or mid-level employees to shadow senior employees; exposing employees from underrepresented groups to the decision-making process; involving their perspectives in key strategic projects; and rewarding and recognising those employees for that work.

“Companies can sponsor talent to get ahead by opening doors for them, giving them opportunities and projects to develop their skills, and connecting them with individuals that can help them grow,” says Suki Sandhu, founder of diverse executive search firm Audeliss and inclusion consultancy INvolve.

Burberry and Farfetch are both actively working on improving opportunities for mid-level employees to progress. “We’re still learning and I think we still have a ways to go on that piece, because as everyone knows the fashion industry at the top isn’t that diverse,” says Geoffrey Williams, global VP of diversity, equity and inclusion at Burberry, who joined in April. “We’ve looked at anonymising CVs, looking at the questions we ask and making sure we have questions related to DE&I within the interview process (at senior level).”

Ethnicity is a key area of focus for Farfetch

this year. Chief people officer Keane and CFO Elliot Jordan have regular one-to-ones with Black employees to understand how to help them progress, she says. In August, Farfetch piloted a 12-month global programme that has three chapters, the first being a cross company, mid-level talent accelerator scheme in partnership with Black British Business Awards to help 10 high-performing Black employees progress. “It’s an evolving ecosystem internally where we make decisions about pay, promotion and rewards so this group of employees can have a voice and be able to progress through the organisation,” says Keane. Every member of the Black Employee Network (BEN) group was considered. They were evaluated based on past performance ratings and prioritised tenure, time since last promotion, mid-career level (in order to push people toward becoming managers) and active participants and role models within the BEN community within the business. “The goal of that programme is to see growth — promotion, progression or pay change — for 100 per cent of the people who are on the programme in the next one to two years.”

While movement at the top may be slow, employees at the lower rungs of an organisation can still be involved in decision making. Orveon, which owns Laura Mercier, Bare Minerals and Buxom, has hosted workshops in groups of 10 to 15 to help employees understand how they can implement the company’s values or allow them to offer feedback on company

projects. The idea to plant a tree for every lipstick sold came from one employee workshop for a global sustainability project. “The ecosystem in which we operate has created an environment of collaboration cross-functionally so it’s less hierarchical,” says Orveon chief revenue officer Brinn Garner. “You have exposure at every level and experience with leadership across all different teams — so, if I’m an employee on a customer service team but I identify more with the chief science officer, I might have meetings or crossover where I’m in an open position to speak to them (regularly).”

### **The value of employee feedback**

Data needs to be tracked to help companies to better understand the barriers to progress. Internal employee surveys play an important role, though many could be improved, for example by offering more options for gender or ethnicity (such as subgroups within broad categories like “Asian”).

PWC’s system, “My Story, Your Story”, allows people to tell aspects of their identity in the order they choose. “This allows someone to identify who they are. So, instead of starting with ‘white person’, I might say ‘I’m a mother’. We’ve found that to be helpful versus saying everyone has to feel the same way and put their identities in these formalised categories, and that’s been helpful to get more of the humanity behind it,” says PWC’s Schuyler.

Prada recently launched its first internal DE&I survey as part of its ongoing push

to develop measurable DE&I targets. “Internal DE&I and culture surveys are pivotal in helping organisations gather valuable feedback from their employees. The results cover a wide range of topics across DE&I and internal culture and will help us refine our areas of focus and define DE&I targets,” says Lorenzo Bertelli, head of corporate social responsibility, who is [in line to take over as CEO](#). Topics were considered both quantitatively and qualitatively, with questions developed with an outside consultant including whether employees felt comfortable expressing their gender identity, and whether they feel management is diverse.

Experts say that when analysing employee data to evaluate the efficiency of DE&I strategies, companies should be mindful of pay inequities, promotional rates, dropout rates from certain groups of candidates, and informal and formal issues that employees raise to line managers, as well as the actions that have happened in response. Qualitative data is just as important as quantitative data, particularly if companies are hoping to base their strategy on lived experience, which can also help to avoid tokenism.

Multinational companies should bear in mind that DE&I can look different across markets — but they can also use this to their advantage to drive change across the company overall. “Multinational companies have to have a global ambition where inclusion matters and they speak about it,



but then they customise how that happens in various countries,” says L’Oréal North America chief diversity, equity and inclusion officer Angela Guy. “In countries where employing employees with a disability is a legal target, you can use those countries to help drive the overall average across the group. That’s what I’ve seen multinationals do: they leverage each country for the diversity they can bring so that the full roll up of the company is representative of their ambition.”

### Sponsorship and mentoring

Sponsorship and mentorship programmes are some of the most effective ways to improve diversity at the top level, experts say.

LVMH has applied learnings from its efforts to improve gender diversity to other sorts of diversity such as race. In 2007, group EVP of human resources and synergies Chantal Gaemperle developed the EllesVMH programme to support women and established a target of reaching 50 per cent women in group key positions. Since then, the number of women in these positions has grown from 23 per cent to 45 per cent, with 16 women as CEOs of maisons. In North America, where the company is able to track race and ethnicity data due to less restrictive data regulations, the company reached its five year target for 2026 to increase BIPOC senior leadership representation to 30 per cent this year, up from 20 per cent in 2021. “The strategy around 30 per cent BIPOC representation at senior levels of the organisation was fully informed by and

is an extension of the strategy around gender equity developed by LVMH through the EllesVMH initiative created in 2007,” says LVMH chief diversity officer Mounzar. “Replicating the KPIs and success achieved through our global gender initiatives across other dimensions of diversity, such as race and ethnicity, creates the operational infrastructure and business model needed to ensure that DE&I is a strategic business imperative for LVMH.”

Mentorship is particularly important when taking into account class mobility. While someone’s gender identity, race or sexuality does not have to change for them to be promoted, by the time an individual reaches executive level their social class may have changed, if they grew up working class and are now making six figures for instance. From knowing how to tie a tie, to owning a suit, to knowing professional mannerisms — these are all things people from underprivileged backgrounds will likely need to learn to move up the ranks, says CJ Gross, author of *What’s Your Zip Code Story?: Understanding and Overcoming Class Bias in the Workplace*, which offers solutions to class division biases in the workplace. Once they do rise the ranks, they have a competitive advantage. “An executive who’s a woman of colour who didn’t grow up rich has all the experiences — she has the experiences of the upper class but also the lower class,” he says.

Growing up with class privilege endows a sense of confidence that people from underprivileged backgrounds have to work

### Industry leaders offer a variety of mentorship opportunities

LVMH	Prada	Ebay	L’Oréal	Tapestry
DARE intrapreneurship programme	Prada Academy Generation Prada	Practical career journeys internal scheme	L’Oréal for Youth L’Oréal internal mentoring programme for women	Coach Foundation’s Dream It Real Mentor Program  Kate Spade Harlem’s Fashion Row HBCU mentorship programme
EllesVMH		Circl two-way mentorship programme		
Capri Holdings	Burberry	The Estée Lauder Companies	Farfetch	Orveon
The Foundation for the Advancement of Diversity in Fashion	Internal mentorship programme  The Outsiders Perspective	From Every Chair  Open Doors	Dream Assembly  Fashion Minority Report	Internal mentorship
Reverse and traditional mentorship programme				

DATA: COMPANIES

to build, adds Gross. "If you want to move the needle when it comes to women or people of colour or any (marginalised) identity in leadership, if you don't look at the class component you're going to be talking about the same thing next year and the following year."

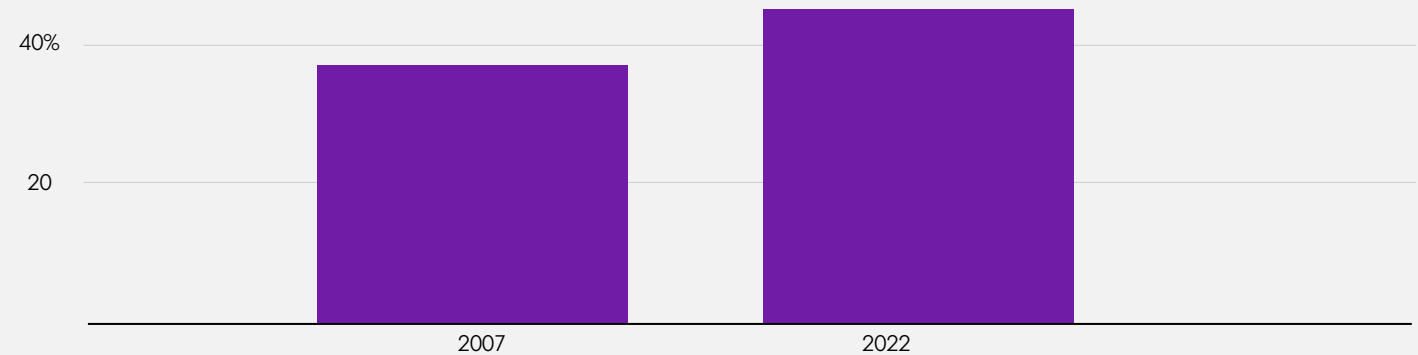
### An inclusive company culture

Research shows that turnover for employees from underrepresented backgrounds is higher. In 2022, [McKinsey](#) found that 35 per cent of white women were planning to leave their jobs, with that rate jumping to 46 per cent of women of colour.

For those deemed figureheads for diversity, turnover can be even higher. The average tenure of a chief diversity officer (CDO) is under two years, according to 2021 research by [management consultancy Russell Reynolds](#), and 60 per cent who held the position in 2018 have left their roles according to [McKinsey](#). Chief diversity officers often lack support from the rest of the executive team, or are not empowered to have real influence within the organisation, says Daniels. "When I look at how boards are being developed and diversified, I'm looking at who's got profit and loss responsibility, who holds budget, who has influence, who can materially impact the decisions that are made, who can stop things from happening. More often than not, chief diversity officers can't do that."

Tapestry's Casey says the issue is twofold: turnover can be an issue but so is the lack

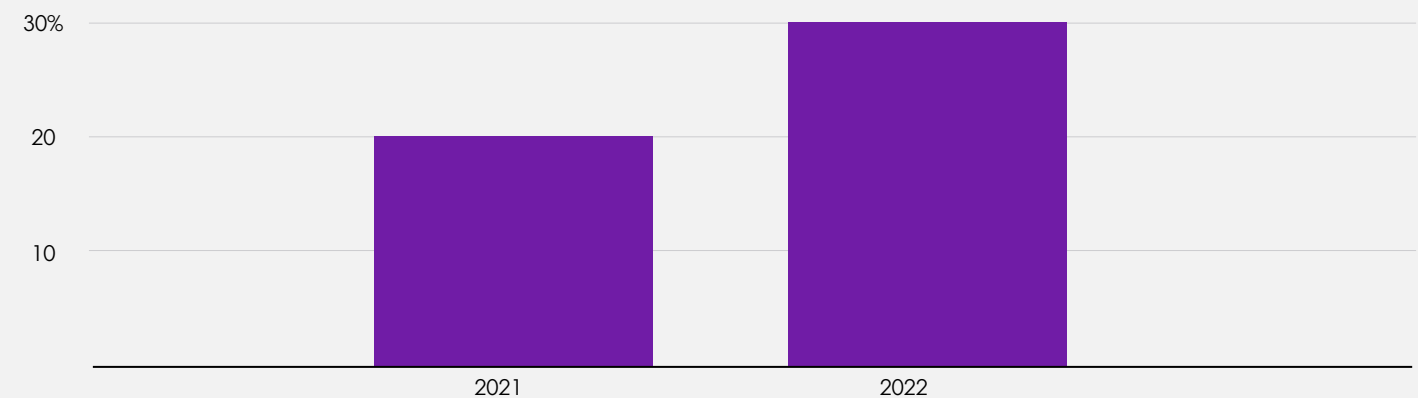
### Growth of representation of women at senior level at LVMH



LVMH set a goal to reach 50 per cent representation of women at senior level in 2007

### LVMH reached its BIPOC senior leader representation goal this year

BIPOC senior leadership representation in the US



In 2021, LVMH set a five-year goal to increase BIPOC representation at senior level from 20 per cent to 30 per cent.

DATA: LVMH

of clarity on what the chief diversity officer role really is. "Many companies don't know what they don't know when it comes to the CDO role," he says. "The CDO is hired because the company knows it needs to set strategy around equity, inclusion and diversity, manage cultural change, introduce new policies, and so many more things. But, it's incumbent upon the CDO to be an intrapreneur, understand how organisational systems and power structures work and evolve and optimise the function and its impact." Casey himself is an outlier, having been the first in each chief diversity officer

role he has held over the past 20+ years, with an average tenure of 10 years.

To have influence in terms of spending, the CDO should be consulting on DE&I related investments including talent acquisition, talent management, marketing and advertising, product development, merchandising, learning and development, in addition to CSR, philanthropy and supplier diversity, adds Casey. "The CDO doesn't have to have direct profit and loss ownership of all organisational dollars invested in doing the work, but the CDO should have a high

level of business and organisational savvy to ensure the company is making appropriate investments," he says.

Experts say an inclusive company culture is essential for senior employees from marginalised backgrounds, whether they are figureheads for diversity or not. There's no use taking extra time and money to hire Black and brown people, for example, only for them to leave within six months because the culture does not support them. "If you're asking a Black or brown person to take an executive role at a company, there will be a

mental toll on that person if the (culture) isn't welcoming," says fashion inclusion consultant Arooj Aftab.

"So many times, people focus on getting the numbers, and once they have the numbers they think that's the end of the work. That's really the start of the work," says Tapestry's Casey. "It's very important for leaders to understand that representation does not equal inclusion."

The first step to improving company culture is for managers to become more comfortable

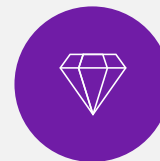
### Breaking down the eight class biases



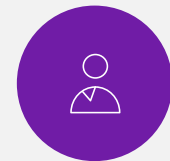
Education



Culture



Prestige



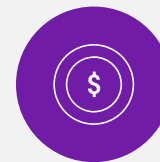
Occupation



Heritage



Wealth



Income



Personal power

articulating the problem of systemic oppression. A Gallup poll of US managers shows that 58 per cent strongly agree that they are not prepared to have meaningful discussions about race and quality — regardless of the race, age or gender of the managers themselves.

Leaders from underrepresented backgrounds can also shed light on the specific needs of people in their communities.

Murray Lambell, who leads Ebay UK and is one of the UK's few openly gay CEOs, was able to use his position to advocate for the needs of gay couples, for instance — particularly as the leadership team prior to his appointment was entirely made up of straight white men of a similar age, he says. "No one had set our policies up at Ebay in a deliberate way to ostracise or exclude groups, but no one had thought about them with a diverse lens other than gender — so we weren't thinking about parental leave policies if you're adopting children and you're a single parent family or a same sex couple. We just didn't think about how facilities are provided and how we give equal support to gay couples or straight couples," he says.

### How to be an ally

Senior leaders should take the initiative to learn about the specific lived experiences of marginalised colleagues. "You don't declare yourself an ally of whatever group you're advocating for, they have to determine that

you're an ally," says Tapestry's Casey. "You need to take the initiative as a senior leader to do some learning on your own before you reach out to these communities to get their insights on their lived experiences. So what you say as a senior leader is: here is my limited understanding of your lived experience, I'd like to learn more, can you help me fill in the blanks?"

"It has to start at leadership level and then you create inclusiveness in how you operate. You as the leader need to think about how you show up," says Ebay's Lambell. "So how do I create psychological safety in the meetings that I run so that people feel they can speak up and then I can get a more diverse set of voices? What training and support do I need to make me as a leader better at doing that because the onus is on me to make that possible? You have to correct lots of biases that are existing around the table, including your own."

CEO Action offers a mentorship initiative for C-suite leaders to accelerate the development of diverse talent, which launched in March. Over 300 senior leaders from over 100 organisations have been onboarded as mentors and mentees in the first year, and next year the organisation is planning to offer three cohorts per year.

Farfetch, Tapestry, Capri Holdings, Burberry, L'Oréal, Ebay, The Estée Lauder Companies and LVMH all say they have employee resource groups. "Employee resource groups can be, and prove to be, an incredibly

effective way of providing a safe space for marginalised people or minority groups. They allow individuals to build a sense of community, belonging, to share lived experiences and to generally vibe with one another," says Fashion Minority Report's Peters.

Leaders need to become more involved in community-driven activations if they want to make a change. "Many organisations reading this piece will have employee resource groups. How active are you? How involved are you? Are you sponsoring one, are you mentoring sponsored talent?" says Tapestry's Casey. "If you as a senior leader cannot mention by name who some of your top talent is in some of these historically excluded or underrepresented groups then you have more work to do."