

# EVOLVING TO MEET THE FUTURE

Attendees of this year's RSM Leadership Summit will recall the open honesty of Stefano Rosso, CEO of fashion empire OTB, as he spoke of the challenges the group faces as it transitions to a new corporate culture. Here Stefano talks to *RSM Outlook's* managing editor Russell Gilbert about the powerful legacy created by his father Renzo Rosso, the indomitable founder of global brand Diesel, and how the organisation is entering a new phase in its life.

STORY BY RUSSELL GILBERT PHOTOS OTB

**Russell Gilbert:** *The theme for this year's RSM Leadership Summit explores "From me to we", which expresses the idea that organisations can shift from a top-down leadership culture to one that is people-oriented, empowering and brings out the best in employees. How does this view of leadership tie in with the cultural transitions you're making across the OTB Group?*

**Stefano Rosso:** When you're in a position like ours, where you grow very quickly and dramatically from a small business with a single warehouse in the middle of nowhere to become a global group with several brands and production facilities, taking the right approach to leadership becomes fundamental to your success. It



“ We come from a very humble family and our personal values are very strong. This has always helped shape behaviours in the business.”

Stefano Rosso



ensures the organisation, and all the people within the organisation, are going in the same direction. Without a clear sense of direction the biggest risk is that you lose focus and can no longer face the challenges of the market and – even worse – you can no longer sustain growth.

At its heart, the leadership approach we're developing very much follows in the style of my father, Renzo Rosso. Being a big personality, his approach is always strongly entrepreneurial. He's given us a wonderful legacy and we'll continue to push forward an entrepreneurial style of leadership and encourage people to develop their entrepreneurial spirit.

Now, as we go through this new phase in the life of OTB, we consider it fundamental to mix this entrepreneurial, very direct style, with a more modern approach.

*How do you replace or go about changing the leadership style of someone as characterful as your father?*

While my father has a powerful presence – he is an inspirer with a strong sense of vision that encourages people to follow him – he's always believed in giving people the space to develop the unique skills and competencies they have inside. In many respects the secret to our success – first with Diesel and then with OTB – came from encouraging people to bring something unique to the table. Giving trust and responsibility, and getting the right people into the right positions, have always been his leadership trademarks.

That approach has obviously been very successful, but it isn't so simple today with the company being the size it is. Now OTB needs to be more independent from its founder. The entrepreneurial spirit will always be in the DNA of everything we do – only now we need to interpret that spirit in the right way.

It might sound basic, but we're trying to become more formal in what we do. By that I mean writing down our vision and our values. This is helping a lot. It means that if you're an employee and have doubts about what course of action to take, instead of seeking guidance from "Mr Renzo Rosso" – as people would frequently do – you can read our values and mission statements, and our ethics policies, and 99 per cent of the time you will find a clear answer. It took

a long time to put these things into writing and it's become very important to us.

*With OTB being a global organisation, how do you not only change leadership style but also maintain the values of a family-owned business?*

Having a family-owned business helps most of the time because you build a sense of values based around the entrepreneur driving the company. People have a strong tendency to look up to that person, or try to imitate or mirror their values and ways of doing things.

We come from a very humble family and our personal values are very strong. This has always helped shape behaviours in the business. Of course you can write everything down, but it's never going to be the same as having strong entrepreneurial leadership, a sense of direction and family spirit.

This is why, as we move into a new phase in the life of the group, it's imperative managers, especially those at the top, show the right behaviours and the right attitudes. Just as crucially, they have to show what is not acceptable behaviour in our business. To make sure we're going in the right direction, we do a lot of work with our top management. In fact, we've just started doing workshops on leadership, and on values. These are the first steps towards reshaping our leadership style away from the "imitation" culture I mentioned earlier, where people previously looked up to my father as their role model.

Having our mission and values written down doesn't mean they serve as a rigid model for how we must work. Instead they exist to provide clear points of reference. What you have to remember is you can't be on top of people every day. This was something of the style of management we had before and it caused a lot of frustration at times. This is where giving trust and entrepreneurial freedom comes into play. People then have the freedom to make their own decisions.

*And there is room for mistakes?*

Yes, that's important. I believe the more mistakes you make the less you will make in the future. Once upon a time, if we faced a big deci-



“ This new generation of customers is less trusting of brands in general. They're not looking for logos. Instead they're looking for a philosophy.”

Stefano Rosso



---

sion or had doubts about something, my father would be there to give an answer. Now we try to empower our management much more. To be honest, to pay a manager a lot of money to only do what you want them to do is not worth it – for the company or the manager. That's not how you grow your business or reshape it.

*The world of fashion is highly creative, and with creativity there often come distinct personality types. What approach do you take with the highly creative talents you have working for you?*

Creative people are given much more freedom. Why? Because their strength is in seeing the world from a perspective no one else can. It's in our mission to put creativity right at the centre of everything we do. You can't constraint a creative mind too much. For some people, putting a wall around their creativity is like a form of suffering, and you can't do that. Of course it's a work environment, so there are rules that must be respected.

*The words "courage, evolution, excellence, and respect" encapsulate OTB's values. What do these words mean to you?*

They are a mix of the entrepreneurial spirit of my father and the spirit the group needs to go into the future. "Courage" is our main value. It comes from who we are – Only The Brave. It's always been one of the most important values for my father. Everything we have ever done has taken courage. For example, with Diesel we changed the rules of the fashion industry and did many things others weren't doing. We emphasise this a lot. The real evolution of the company came about through people seeing things in different ways and pushing boundaries.

"Excellence" is fundamental. In a dynamic environment we have to look for excellence in everything we do. We want to raise the bar and do everything a little bit better every day. It may sound banal, but I often find myself in meetings and wondering 'Guys, is this really the best we can do? Is this the "excellence" we're pushing for?'

---

The third value is “respect”, especially a respect for people. It’s something I relate to very much because without people a company is nothing. We don’t just want people working for the group; we want them to feel they are part of the group. When people wake up in the morning and look in the mirror, we want them to be happy to come to work – to feel they are not just doing something for us, but also for themselves.

To make this a reality, it’s not only essential to create an environment and culture in which people feel they can work well, but also to ensure they live well. By that I mean a good work-life balance. We take this into consideration and offer services, facilities and opportunities for people to grow and to live a better life. As you know, if one side of the scales becomes heavier than the other, either the work side or the personal side suffers and sooner or later something breaks.

The fourth value – “evolution” – links the vision of my father to the future. It’s something that is very close to me. My father’s history as founder of the group, and the history of the group itself, has always been about revolution. He brought about many changes in the industry. We can’t pretend we can have such a huge effect every day. Instead our goal is to take this attitude and make small changes – try to improve, upscale and grow a little bit every single day. What’s important is to see this as a constant movement.

Our task – my personal task – is to take the entrepreneurial and personal spirit of my father and evolve it every day until it becomes inherently the spirit of everyone in this next phase of the group’s growth.

*Relative to the future, the company’s mission states its challenge is to “build brands for a new breed of customer”. Who or what is this new breed of customer?*

You mentioned something earlier that made me consider how much customers change every day. The approach they have, not only in their spending behaviour, but also in their personal behaviour, is evolving so fast it’s very hard to keep up. In the past we were very able

to see the needs of consumers – their lifestyles and aspirations – and interpret it through a series of products and services. In many respects the belief was that fashion could be part of their lives in every single waking moment.

Now we’re facing a new generation of consumers, the millennials. They are very different. They’re not necessarily that linked to fashion products any more; maybe fashion no longer really makes a statement for these consumers. It’s very difficult to find the answer because they’re less linked to brands in general. In fact, they’re more linked to people, to certain behaviour models, to concerns like sustainability.

*It’s more about finding out their attitude to life rather than just to fashion?*

It’s exactly that. If you look at customers only in terms of T-shirts, let’s say, or whether a polo shirt should have a zip or not, you’re dead. Why? Because someone’s going to come along who is cooler than you, or less expensive than you, and they’ll enter the market and take your place.

To succeed you need to understand and interpret what’s important to them and what message they want. This new generation of customers is less trusting of brands in general. They’re not looking for logos. Instead they’re looking for a philosophy. While we’ve always been very good at doing this, today it’s much more difficult. But of course we try to stay on top. The challenge is to find the right angle to be able to talk to them. Understanding this new breed of customer is the key. We have to ask: what is of importance to them that we can deliver?

In part the answer lies in our four values. Drawing on the entrepreneurial courage shown by my father, making sure we have the right people around us, being excellent at what we do, and evolving to meet the needs of a new generation of customers – only by continuing to be brave – that’s where our future growth and success is to be found.

*Stefano Rosso, thank you very much. ■*

WEB [www.otb.net](http://www.otb.net)

## OTB fact file

- Company founded in 1978 with the birth of the Diesel brand.
- Diesel has a presence in more than 80 countries.
- The group Only The Brave is created in 2002, changing its name to OTB in 2013.
- OTB is the parent company of iconic fashion brands Diesel, Maison Margiela, Marni, Viktor&Rolf and Paula Cademartori.
- Avant-garde luxury fashion house Viktor&Rolf is created in 1993 by Dutch designers Viktor Horsting and Rolf Snoeren.
- OTB employs over 7,500 people and in 2015 generated revenues in excess of €1.5 billion.
- Created in 2008, the Only The Brave Foundation contributes to the sustainable development of less advantaged areas and people throughout the world.