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Retail focus: How chief people officers are addressing constant transformation

Conversations with CPOs at leading US retailers highlight the current challenges in the sector's ongoing transformation, and four areas where CPOs are mobilizing to ensure their companies have the leaders they need.



Retail organizations have been in a state of constant change since before the Covid-19 pandemic, and no end is yet in sight. As customer demands and preferences shift and new technology pushes the pace of business, retailers must remain agile and adaptable, moving quickly to implement new business models and ways of working.

While these developments represent real opportunity, they also add to a growing list of challenges on the desks of leaders, including chief people officers (CPOs). Already, the purview of CPOs in all sectors has been evolving. They're no longer seen merely as foundational resources in charge of people and payroll, benefits, and contracts. They have taken a more strategic role amid their C-suite peers, charged with having a wide-angle view of the company's talent needs now and in the future, monitoring organizational design, supporting a flourishing culture, and ensuring a plan for putting the right people in the right places so they and their companies succeed.¹ One HR leader in the sector noted that the challenges have never been larger, but neither has the opportunity for HR leaders to contribute to their organization's success.

In this article, we draw on our ongoing conversations with retail leaders, as well as targeted interviews with a number of HR leaders (CPOs and CHROs) at leading retailers, not all of whom are quoted here, to get insights into how CPOs are addressing today's transformations and are planning for the future.

The most significant retail transformations today

As the CPOs we talked with declared, the pace of change in retail is at an all-time high and only continues to accelerate. Some of the changes have roots in the Covid-19 pandemic and the resulting evolution in how retailers interact with consumers, but retailers themselves are also pushing the pace by introducing new business models and emerging technology.

Responding to changing customer expectations and behaviors

Retailers must check three boxes as they seek to keep up with soaring customer expectations. They must compete on speed. They must compete on convenience. And they must compete on value.

Customers are more trusting than ever of direct-to-consumer shopping, which means even physical retailers must spur discovery, grab customer attention, and inspire purchases across all channels.

A fully integrated omnichannel shopping experience opens the business to new customers and eases the path to purchase—which, these days, is often as simple as a single click. It's vital that retailers accurately monitor customer behavior and respond accordingly. Customers started shopping in a whole new way during the pandemic—for example, educating themselves on products through YouTube and Google. Kamy Scarlett, senior executive vice president of corporate affairs and human resources at Best Buy, said that "that makes their trips to the store even more important than they were before. Before, it may have been necessary; now, the customer comes to the store to seek additional expertise and experiences. The emphasis is on our people." Retailers need digitally savvy leaders who also have a grounding in retail fundamentals such as merchandising and store operations to fully meet these expectations.



Be authentic to your brand inside and out. It's easy to say you are one thing—but very important to back that up."

Shannon Sisler

Executive vice president and CPO, Crocs

¹ For more on this evolution, see Steven Krupp, Brad Warga, and Jennifer Wilson, "The next evolution of HR leadership: The connecting HR leader," Heidrick & Struggles, September 19, 2024, heidrick.com; and Darren Ashby, Emma Burrows, Sandra Pinnavaia, Sharon Sands, Brad Warga, and Jennifer Wilson, "Chief people officer of 2030: Building a tool kit to get from here to there," Heidrick & Struggles, February 20, 2025, heidrick.com.

Innovating business models

In addition to evolving how they're serving customers, retailers are also pursuing new revenue sources. One significant source most major retailers have introduced is retail media networks (RMNs)—advertising platforms owned by a retailer that allow brands to advertise on the retailer's digital properties, leveraging first-party customer data for targeted advertising.

"There is an opportunity to create an incremental revenue stream that you can reinvest back into key experiences of the business," said Scarlett. "The key success factor is to have all experiences for the customer personalized in a way that matters most to them."

For retailers with a high volume of traffic, that revenue can be substantial. Going forward, this sort of innovation can prove to be a key differentiator. It will also press retailers to acquire and promote leaders with digital experience and commercial capabilities who can drive further adoption of additional new business models.

Leveraging data and generative AI

Generative AI will significantly affect both customer-facing and internal processes for retailers (along with companies in every other sector), while the coming robotics revolution could also provide new opportunities. Both of these revolutions will require leaders who have the technological and change management experience to integrate new tools into the business. "It calls for a new level of digital acumen and data literacy in our leaders," said Target CHRO Melissa Kremer. "Adopting these technologies will be more about people and culture change than technology change."

Retailers will continue to invest in adding specific digital capabilities while, more broadly, increasing data and digital literacy throughout their leadership ranks and broader workforce to take advantage of the technology opportunity. Considering retailers are people businesses at their core, they also must help employees navigate inevitable transformation while ensuring that serving—and delighting—customers remains their primary focus.²



2 For more from Heidrick & Struggles on leadership and AI across sectors, see [Heidrick & Struggles' Insights on Artificial Intelligence](#), Heidrick & Struggles, [heidrick.com](#).

CPOs bridging enterprise strategy and leadership capability



Not everything needs a change management strategy. What is key is the clarity and communication of the vision in a compelling way, so compelling that people can emotionally connect to it. When people emotionally connect to the outcome, sustainable change in behavior happens. The leaders within the HR industry need to be seen as strong businesspeople, not only HR practitioners.”

Kamy Scarlett

Senior executive vice president of corporate affairs and human resources, Best Buy

Considering how much these transformations directly affect the skill sets and capabilities retailers need in their leaders and workforces, CPOs have an opportunity to make the most of their evolving role as a key strategic part of the executive team by aiming to bridge the gap between strategy and HR.

For many CPOs, this will mean transforming themselves first. Retail organizations must empower their CPOs to be proactive system thinkers who align their efforts with the overall business strategy. “There has to be a strong understanding of the business implications before you can understand the implications for HR,” said Scarlett. “The level of alignment that leadership has on what the future looks like is critical before taking pen to paper on HR strategy.”

At Target, there is a close collaboration between strategy and HR leaders. “We are both focused on where the business is going in the next three to five years so that we can build and refresh our road map for both internal leadership development and external recruitment,” said Kremer, the company’s CHRO.

The industry’s frenetic pace necessitates frequent strategy cycles to review and adapt practices. CPOs may assess, for instance, what a change in a strategic priority means for the overall leadership pipeline to meet the needs of today and tomorrow. Or they may need to find new leadership capabilities necessary to succeed with new strategic initiatives such as retail media networks.

Where retail CPOs are focused now

The CPOs we talked with highlighted four areas where they are focusing the work of the HR function this year: cross-functional leaders, store leaders, always-on assessment and coaching, and culture.

Developing cross-functional leaders

The speed of transformation means that retailers are looking to identify and develop future-ready leaders who can see and lead an organization beyond their immediate function. CPOs are often focusing on enterprise-wide, cross-functional thinking.³ Said Target’s Kremer, “We provide a lot of movement and cross-functional career experiences because we believe that this is fundamental to developing strong future leadership.”

At Best Buy, Scarlett and her team are encouraging skill sets that help everyone leverage data and AI. It’s no longer about using data to strengthen an existing thesis but instead using it to drive decision-making. That approach works regardless of function, and Scarlett, too, spoke to a move away from functional specialties and toward enterprise-level leadership. CPOs are focused on developing retail “best athletes,” using cross-functional projects, roles, and experiences and providing wide-ranging learning opportunities to develop future leaders.

“At Best Buy, we encourage our people to explore experiences across the enterprise rather than solely focusing on an upward trajectory within their function,” said Scarlett. “It’s about gathering experiences that create a stronger bench of leaders and provide leaders with new experiences.”

At Crocs, CPO Shannon Sisler is leading a charge from role-based talent management toward growing specific skills. “We need people who move around and connect dots quickly,” she said, “to be able to keep pace with the consumer.”

³ For more on leadership capabilities that build connection across enterprises, see Regis Chasse, Steven Krupp, and TA Mitchell, “The connecting leader: Five imperatives for leaders today,” Heidrick & Struggles, September 25, 2024, heidrick.com.

Ensuring store leaders evolve along with stores

Retail companies have a degree of closeness with consumers that doesn't exist in many other industries. Kremer, of Target, said it's vital that organizations develop leaders who are curious and committed to staying in step with their guests and with all the changes in retail's dynamic operating environment: "We think it is ever more important that we are investing in the leadership of the store directors."

At Target, the store director is one of the most critical, challenging, and rewarding jobs in the ecosystem; each is responsible for 200–300 team members. The company views investments in the role as just as important as ever, even alongside digital growth. "We have fundamentally seen this job evolve over the last few years, from, 'here is my P&L,' to serving as a counselor, mentor, and community engager," Kremer said. "So we were looking at all of this as we designed our Store Director Development Program that has delivered positive results for our store leaders, their teams, and the business."

Rethinking assessment and coaching

Retailers need leaders who are adaptable, agile, and tech savvy, alongside traditional in-person, customer-facing capabilities. In some cases, retailers see the current speed of transformation as an opportunity to move from episodic assessment to an always-on view. In addition to evaluating leaders on an evolving list of characteristics they need to be successful, for example, companies can also take into account factors such as remote work availability and relocation. At Best Buy, Scarlett said, "We consciously uncoupled performance appraisals and pay. Performance happened once per year, and as a result, it was an 'event' tied to pay. Today, we hold quarterly conversations, which also include the opportunity for the leader to receive feedback on how he/she can be better. This time is very meaningful for both the leader and their direct report."

Of course, wise leaders are also investing in their own self-assessment, which benefits the broader organization as well. Retailers are increasingly providing coaching to facilitate this self-assessment and accelerate leadership development, in part by offering an accurate, objective, and forward-looking view of their strengths and development opportunities in the context of their organization's challenges and strategic direction.⁴ "At the start of an assignment, leaders get as much coaching as they'd like," said Sisler. Her organization, Crocs, leans heavily on coaching programs, not just for specific areas of development but also for broader commitment to learning: "How much they engage is a good indicator for the future."

⁴ For more on when coaching is the most effective way to help leaders develop, see David Peck, "Developing future-ready leaders: When—and when not—to invest in coaching," Heidrick & Struggles, April 18, 2023, heidrick.com.



Culture isn't something that you can 'set it and forget it.' We must continue to invest, shape, and rally around it every day to not only improve how we bring joy to our guests but also help guide our teams in their decision-making and problem-solving. The work to build a thriving culture is never done."

Melissa Kremer
Executive vice president and CHRO, Target

Continuously shaping culture

Given the people-focused nature of the business, retailers are highly cognizant of the power of culture. So, as they navigate rapidly evolving strategic priorities, many CPOs are being more intentional in assessing and shaping their culture to accelerate organizational performance. In so doing, they're aligning culture with purpose, strategy, and structure.

"The biggest mistake an HR leader can make is burying into the belief that the culture of today is the right one," said Scarlett, of Best Buy. "Like business strategy, the culture must continue to evolve." That applies to hiring as well. "Years ago, we used to hire people and teach them the values of the company," she said. "Now, we are hiring people who already share the values we hold as an organization."

Leading with purpose means committing to the "why" and the "how" of leadership—the principles that drive the strategy and the way the company pursues its goals—and not just the "what," which will change over time as strategy shifts.⁵

Protecting retailers' most important asset

As retailers continue to navigate an evolving landscape that has made the role of CPO as strategic partner more important than ever to reaching its strategic goals, one thing remains constant: people are at the very core of retailers.

⁵ For more on shaping a thriving culture, see Anne Comer, Priya Dixit Vyas, Rose Gailey, Jenni Hibbert, Adam Howe, Ian Johnston, John McKay, Holly McLeod, and Dustin Seale, "Special feature: The pillars of culture shaping," Heidrick & Struggles, October 27, 2022, heidrick.com.

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Consumer Markets Practice

As consumers demand more transparency, brand engagement, and sustainability, Heidrick & Struggles' Consumer Markets Practice is at the forefront of industry trends to provide cutting-edge counsel to clients in a wide variety of consumer sectors.

Competition among consumer companies has never been fiercer. Customers are shopping in new and sometimes nontraditional ways, as mass market retailers offer designer goods, brick-and-mortar staples are available online, and venerable brands spin off agile brand extensions. Consumer companies are also keen to capitalize on the potential of emerging and high-growth markets. This means having the right leadership in place is critical. With a broad global presence and deep sector expertise, we anticipate future needs to help clients successfully secure the right leaders who will enhance innovation within their organization.

Backed by a team of passionate experts, we counsel clients in a variety of consumer sectors to clearly assess and identify the competencies needed for success. From building powerful brands and streamlining supply chain operations to penetrating new markets and delivering financial objectives, we are focused on helping companies realize their investment in talent for today and the future.

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Human Resources Officers Practice

We partner with organizations to help them identify strategic human resources leaders who are prepared to lead and create high-performing organizations. We help our clients find HR leaders with the business acumen, strategic and market insight, financial savvy, operational capabilities, and ability to harness data and technology to drive business success. These leaders must be culture shapers with the foresight, resilience, and adaptability to drive transformative change in organizations through strategic talent management.

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