

Even among family, business comes first

Global Manager

SONIA KOLESNIKOV-JESSOP

ERMENEGILDO ZEGNA has been chief executive of his family's privately owned fashion business since 1997.

Q. What are the challenges when you join a company and your father is the chief executive?

A. I joined Zegna in the early 1980s to become the head of Zegna USA. It was a small team of about 10 people and I had to reorganize the market activity. I think I was lucky because my father was superentrepreneurial and a risk taker, like me. He let me jump in the swimming pool, and it was the best education of my life. I made mistakes without creating too many problems.

But the distance helped me; I was far away, and I wasn't reporting to him. I was reporting to the group sales director, who was heading all the markets, and I had some dotted lines to various other people. I knew many of them because I'd previously worked in temporary jobs throughout the company. I have to say they were all very helpful and supported me. I think if I had started in the headquarters, it would have been more difficult.

Q. What would be your advice to someone entering the family business?

A. To start in a very humble way, and not to start too early; that's what I recommend to my children. Hopefully they will join in the future, but I think you should learn the hard way outside, make mistakes, and then understand what the job is like and what you can add to the company. Buy first before selling, if you see what I mean. Understand the situation before trying to impose anything. And remember, you are part of a team.

Q. As chief executive, how do you expect to bring your own children into the business?

A. First, I don't want to push them. They must have the passion and be ready to come in.

From a corporate point of view, I think it's important to have governance rules in place that you adhere to. At Zegna we've set up some requirements

for young family members wanting to join, like having a university degree, speaking different languages, knowledge of the business and full-time experience of a number of years in a different company. Then they still have to go through a rigorous hiring process; they have to be interviewed by the human resources director, who will recommend them or not to the compensation and hiring committee of the board, which has the ultimate word. It's quite a rigorous process but I think it's fair. We have a committee headed by my cousin Paolo Zegna, chairman of the board, and some experts who monitor the growth and development of the younger generation, and they will know whether they are ready or not when they want to join. But there has to be a passion, and a capability. We have all this in writing, and they have it in writing, too, so they are fully aware of what will be required of them. I pushed for that. I want clarity. There is enough confusion outside, so if you don't have clarity inside. ...

But as I said, my recommendation to the Zegna young generation is to stay outside the company as long as possible — not because I do not want them, but because the more they stay outside, the more they will be able to bring when they join the fold and be able to do well. And because it will be challenging: They will be perceived and judged because of their name.

Q. How can you successfully work with family members?

A. I'll admit I'm not the easiest person to work with; I can be tough. But I think it's important to keep the family and the business separate, and that's very hard to do. I have to treat family members as executives — that's what I'm paid for. Sometimes I feel that can create some issues, but I think they do respect me and trust me. Trust is really key.

I must say, it took a while to adjust the model — I'm talking years ago — but I think it's working and there is respect amongst ourselves. It's impossible to find a company without internal politics — it's part of human nature and you have to be realistic — but at the same time, you should try to minimize these internal politics.

Q. What are your views on leadership and team building?

A. Good leadership is about acting by example. Before asking somebody to do

something, you should do it yourself. I'm very details-driven and very demanding. I think as I'm getting older, I'm a little less hands-on. I tended to step in too much at the start. I can still be quite hands-on, but I also delegate more.

Team building is about relationships and also giving some autonomy. But then I want results, and if I don't get them I will ask a lot of questions. I'm very precise. I demand an action plan. I don't step in, but I want check-up points to see the progress.

Q. What are the qualities you look for in your senior executives?

A. They have to be entrepreneurial. That's the first thing I ask. Somebody who will run the business as if it were his or her business; someone who is willing to take risks and willing to pay for these risks. I think it's something that I learned when I was living in America. That is a country of entrepreneurs, who act quickly and are very execution-driven. In the end, the job has to be done, by deadline, and on target.

If you hire a team that has similar characteristics, I think it's easier to have them work well together. So the hiring process is very important. Who do you want, the bureaucrat or the entrepreneur? Of course, it also depends on the function. But somebody responsible for profit and loss has to be an entrepreneur.

Q. What has been the hardest part of your job?

A. Managing the way out of the 2008-2009 crisis to protect cash and to end up stronger than before the crisis. I created a "crisis committee" among top management that connected once a week with me and had precise goals to lead to the ultimate target of ending up with a stronger cash position. The bottom line is that the group came out healthier in growth, profitability and cash. This was achieved with a disciplined team effort, clear goals and strong support by the board, where independent directors played the role of mentors.

