



## It's not just a crisis, it's an M&S crisis

The ousting of Jill McDonald can only go so far to repair the high street giant's issues

**Kirsty-Anne Jasper** IS DEPUTY EDITOR OF GOVERNANCE AND COMPLIANCE

Marks & Spencer, the UK's biggest fashion retailer, has dismissed its Clothing, Home and Beauty Director, Jill McDonald, after a series of ill-thought out and executed decisions.

McDonald's appointment in October 2017 was controversial as she had no previous fashion experience, having moved from the position of CEO at Halfords and previously served as CEO of fast food giant McDonald's UK. Marks & Spencer is believed to have paid McDonald a seven-figure signing-on

fee in cash and shares as part of her move from the cycle and car parts specialist and she was reported to have left behind £1.7m in bonuses when she joined the clothing retailer. The company declined to say whether McDonald, who left with immediate effect, was receiving a payoff.

The independent retail analyst Nick Bubb stated his surprise that McDonald had lasted close to two years, commenting to the Guardian that "she was an odd choice in the first place". Maureen Hinton, global research director at GlobalData, echoed this, stating that McDonald struck her as pragmatic and capable but "to really get a clothing business

off the ground takes an inspirational leader".

The CEO of Marks & Spencer, Steve Rowe, will now take control of the clothing business, which is worth in excess of £3bn. He revealed that buying errors by MacDonald had at times resulted in key products such as jeans selling out, resulting in the poorest stock levels "I have ever seen in my life".

In a statement Rowe confirmed McDonald's departure and said the executive had improved the quality and style of its clothing and "set a clear direction for the business to attract a younger family age customer". However, he said the company needed to urgently address "longstanding

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during a “troubled year” for its clothing business.

The straw that broke the camel’s back for McDonald appears to have been what was referred to as “jeansgate”; where her buyers failed to order enough stock for a collection promoted by TV presenter Holly Willoughby, which meant it quickly sold out leaving the retailer with empty rails in its stores for almost a month.

Rowe said of the blunder: “We have done much of the hard work on style and fit – it’s the process we need to change”.

Retail analyst at Credit Suisse, Simon Irwin, says that Marks and Spencer’s stock problems were linked to long-term difficulties with its supply chain. It is still heavily reliant on buying clothes many months in advance, making it hard to re-stock bestsellers or slot in high fashion

ever changes. Both on the board and within stores. Its chairman Archie Norman, who joined in 2017, is said to be extremely hands-on and seeking to deliver a large-scale overhaul.

Norman is renowned for steering turnarounds throughout his career, including at Asda and ITV. Last year he said Marks & Spencer was “on a burning platform ... We don’t have a God-given right to exist and unless we change ... in decades to come, there will be no M&S”.

In this year’s annual report, Norman pointed to “a siloed, slow and hierarchical culture that has proved resistant to change”. Until he arrived, he said, the chain had lost touch with what it stood for a generation ago and that had held back attempts to overhaul the business.

He also notably had more praise for his

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items when needed: “M&S is never going to become Zara overnight but it does need to introduce more flexibility and reactivity into the business”.

“The whole point of bringing in someone like Jill McDonald was that she came from modern differentiated businesses which would help her say ‘we can do this differently’,” added Irwin. “She was brought in to change business practice, not to be a great clothing guru, and probably where she has gone wrong is not being able to change those practices fast enough”.

The sacking of McDonald hints at large-scale changes for the retailer. Getting stock levels right is a fundamental skill for any retailer. Getting it wrong is a big issue, but doesn’t always result in dismissals. Indeed, a former Marks & Spencer executive recalled of the retailer’s former chief executive: “Stuart Rose used to say: ‘Fantastic that it’s sold out... Why the f\*\*k is it sold out?’”, but no sackings occurred.

### Changing Fashions

The issues at Marks & Spencer extend further than clothing. Falling sales and profits have become so bad that the company’s share price has sunk so low it is at risk of being booted out of the FTSE 100. This has led the retailer to introduce some of its biggest

former colleague, Stuart Machin, from Asda, who the chairman parachuted in to lead the food division, than for McDonald.

### Food for Thought

Indeed, it’s the food division that appears to be getting the most attention, and cash injected. Marks & Spencer have embarked on a major store closure programme, with 120 of its full-line stores, which sell clothing and food under one roof, destined to close. Simultaneously, they are looking to expand their online food offerings, paying £750m for a 50% share in Ocado’s retail arm and replacing Waitrose-branded goods in shoppers’ deliveries from next autumn.

The move may prove to be successful for the company overall, but is bound to make the fashion division face further issues. As Hinton states “M&S is cutting down the space for clothing while it is very difficult on the high street [...] If you have got fewer stores there is less reason to go there.”

Rowe’s responsibility for Marks & Spencer clothing now places him in the hot-seat and under pressure from Norman. As Bubb states: “At least making a scapegoat out of Jill [McDonald] will give Steve [Rowe] a bit more time but it all has a bit of a doomed air about it”. n

issues” such as stock availability: “Given the importance of this task to M&S, I will be overseeing this programme directly”.

Prior to being promoted to chief executive in 2016, Rowe had been running the clothing division for close to a year. However, he was unable to turn around Marks & Spencer’s long running issues, with clothing sales falling for the past seven years.

### Jeansgate

Prior to McDonald’s sacking, the issues had been discussed at the company’s annual general meeting, with Rowe telling shareholders that mistakes had been made