

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



**Let's empower women... Oh! But not in
our management board**

By:

Mariana Cañavera Herrera

Antje Katrin Dieckhoff

Nantli Soto Guerrero

First Edition
Student Case Papers

2020

Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

Editor

Mats Urde
Associate Professor
mats.urde@fek.lu.se

Head of master's course Corporate Brand Management (BUSN35), part of the master's program International Marketing and Brand Management.
Lund School of Economics and Management

Let's empower women... Oh! But not in the management board

WRITTEN CASE

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

MARIANA CAÑAVERA HERRERA

ANTJE KATRIN DIECKHOFF

NANTLI SOTO GUERRERO

Gender equality in the management board

It is a rainy morning in April 2019 and Robert Gentz, Co-CEO of Zalando, is sitting at his desk in his company's main office in Berlin, sipping his first coffee of the day, when the "pling" of his smartphone informs him of a new message.

Not really having immersed himself in his work yet, he takes his phone to open the message. It is from his Co-CEO, David Schneider.

"Have you heard of this hashtag on Twitter? Don't freak out, but a few women are posting that they're boycotting us now..."

A few seconds later, a second message pops up:

"#ZielgrößeNull" (German for "target figure zero"), containing a link to the Twitter hashtag.

Warily, Robert taps on the link and scrolls through the feed, growing uneasier by the second. Quickly, he opens the tweet most of these women seem to be responding to and reads it.

Unsure of what he is supposed to make of this, he reflects on how far they have come over the past decade.

Background

Zalando's history began just like any other start-up: In 2008, Robert and his university friend David dreamed of establishing a successful online shoe shop. First, they ran the business from their shared apartment in Berlin, which served as an office as well as a warehouse. Their private cellphones were the first customer hotlines and they took turns at mailing the packages off at the post office.

Little by little, the team started to grow. In 2010, he and David welcomed the third member of the management board, Rubin Ritter, another friend from university. Still, at that time Robert would have never expected that within a decade, Zalando would go public and become Europe's leading online fashion platform, connecting different actors of the fashion industry such as customers, brands, designers, and retailers.

Today, Zalando is positioned as an expert company in the fields of fashion, technology, and convenience. These competencies allow the company to offer not only the infrastructure to connect different partners but additional services that are fitted for their needs like fashion marketing insights, e-commerce optimization, operations, and logistics (see **Exhibit 1** for Zalando's Corporate Brand Identity & Reputation Matrix).

Zalando's Business Model

Robert is grateful that the founders of Zalando soon realized the potential of their business model, linking fashion, technology, and operations. Now, their core business is fashion and the online platform in which customers can find what they need, from international brands, local brands to "fast fashion" clothing and accessories.

Moreover, technology is a very important pillar for the business as it is present in the entire value chain. Lastly, operations contribute to customers' satisfaction. The interplay between these three pillars has been key to the company's success.

Today, Zalando serves more than 29 million customers and covers 17 markets in Europe, Robert ponders proudly. His company has set new service standards for customers – free deliveries and longer right of return periods (100 days), which were the most innovative characteristics of their business model, and their customers love it.

While their online fashion stores are still the core of Zalando's business, over the past 10 years, Zalando has expanded their business model to a series of services that are suited for the needs of different fashion industry groups: Physical outlet stores to sell last season's clothing collections, private label brands covering the entire value chain from design to sales, and offering fashion advice through their platform Zalon, which connects freelance stylists with customers.

Nowadays, Zalando has left the realms of simply selling clothes to fashionistas and regular people, offering B2B services as well: Fulfillment solutions allow smaller brands to concentrate on their core operations as Zalando covers the logistics. The company even offers marketing and advertising advice to brand partners and helps traditional players become successful online by digitizing brick-and-mortar stores.

Zalando's Corporate Culture

The thing Robert is most proud of, however, are his employees and the culture they created together at Zalando (see **Exhibit 2** for a summary of Zalando's corporate culture). He credits the company's high performance to its action-oriented culture built on trust, feedback, and empowerment that encourages employees to strive for excellence at work. An attractive and healthy work environment and high operational standards are as much a part of Zalando's culture as diversity and inclusion.

Almost half of their roughly 15,000 employees are from outside Germany, representing over 130 nationalities (see **Exhibit 3** for an overview of Zalando's workforce). Almost half of their total workforce is female, and already since 2015, Zalando has set a goal to increase female participation in their two highest leadership levels. At Zalando, gender and national

diversity are valued, not only because diversity leads to increased creativity and better results but also because every individual is seen as unique and should feel empowered to express themselves.

Therefore, in 2018, Zalando signed the Charta der Vielfalt (Diversity Charter), an initiative aimed at promoting diversity in the workplace and equality of employees “regardless of gender, nationality, ethnic origin, religion or worldview, physical ability, age, sexual orientation and identity”¹.

Diversity at Zalando

Zalando's diversity efforts focus on six values: inclusion, respect, encouragement, discovery, learning, and improvement. As an important part of Zalando's culture, diversity is emphasized through the following initiatives:

- **Internationality:** Zalando aims at creating a welcoming culture by providing support for registration processes and mentorship along the way.
- **Women in Leadership:** Zalando is dedicated to increasing representation of women in leadership positions and therefore strive to raise the percentage of female managers at the first level below the Management Board (SVPs) to 25% and at the second level below the management board (VPs) to 30% by 2022 (currently at 11 and 16% respectively).
- **Mentorship Program:** Zalando offers mentorship to support women to develop into leaders and supports access to new opportunities for everyone across the company.
- **Inclusive language:** Zalando's HR team reviews gender-biased language in job advertising and focuses on gender-inclusive job titles.
- **International Women's Day:** Zalando's Diversity Guild hosts events and activities in celebration of Women's Day in March.
- **Christopher Street Day:** Zalando's employee LGBTQI+ group coordinates Zalando's participation in PRIDE Month and Christopher Street Day parade each year.
- **Diversity Day:** Zalando takes part in a day-long celebration, established by the Charta der Vielfalt, to honor the importance of diversity as part of the company's mission.

Diversity & Gender quotas

As Robert recalls, the Charta der Vielfalt mirrors the dimensions listed in the United Nations Development Programme (UNDP) *Strategy for Advancing Diversity and Inclusiveness*, which additionally includes the dimensions of caste “or any other status”². As everyone has a unique combination of characteristics it is important to understand diversity as

¹ Charta der Vielfalt e.V. (2020). About the Diversity Charter, Available online: <https://www.charta-der-vielfalt.de/en/diversity-charter-association/about-the-diversity-charter/> [Accessed 14 February 2020]

² United Nations Development Programme. (2020) Gender, Diversity and Inclusiveness, Available online: <https://www.undp.org/content/undp/en/home/jobs/gender-and-diversity.html> [Accessed 14 February 2020]

intersectional, meaning some characteristics, such as education, evolve while others, such as race, are permanent.

However, in the workplace diversity has been implemented mainly in the form of gender quotas that can be defined as follows:

Positive measurement instrument aimed at accelerating the achievement of gender-balanced participation and representation by establishing a defined proportion (percentage) or number of places or seats to be filled by, or allocated to, women and/or men, generally under certain rules or criteria³.

This quota is applied with the purpose of correcting previous gender imbalances in different areas and levels of any organization or institution, and to ensure inclusion of women as a tool of equal participation.

Gender quotas in Germany

Robert is aware that the corporate landscape in Germany is still largely a male-dominated domain, especially in board rooms, and as a result, in early 2015, the Bundestag (German federal parliament) had passed a law to ensure the equal participation of men and women in positions of leadership. The law mandates that, starting from January 2016, all listed companies need to adhere to a mandatory gender quota of at least 30% of women when selecting new members for their supervisory boards. In hopes of achieving a trickle-down effect of female participation from supervisory board to management, the law obliges these companies to set a gender quota for their management boards and senior management levels. However, no minimum percentage is suggested, making it legal for companies to state a quota of 0%.

Generally speaking, the supervisory board is elected by the company's shareholders and monitors and advises the management board, while the management board decides and implements the long-term corporate strategy. As such, both boards work together to ensure good corporate governance, controlled by the company's shareholders. As Zalando has been publicly traded since 2014, the company is affected by that law as well (**Exhibit 4** shows an overview of Zalando's organizational structure).

While Zalando's supervisory board adheres to the mandatory gender quota, the company's management board has been male from the start, as the three Co-CEOs have been friends since university. In February 2019, they welcomed two additional members to the management board – David Schröder, whom they had also gotten to know during their university days and who had been part of Zalando's senior management team since 2010, and Jim Freeman, who had joined Zalando's senior management team in 2018 after having served as Vice President for Amazon's Prime Video and Alexa branches.

³ European Institute for Gender Equality. (2020). Gender quotas, Available online: <https://eige.europa.eu/thesaurus/terms/1203> [Accessed 14 February 2020]

So what happened?

Sitting in his office on this rainy April morning, Robert stares at his phone in disbelief. This tweet by the non-profit AllBright Foundation states that 53 of the German listed companies had set the target figure zero and thereby explicitly aimed at having 0% women in the management board.

Uncertain, he opens the link at the end of the tweet and is redirected to the foundation's website, where he downloads the most recent report. The AllBright Foundation, whose declared goal is to increase participation of women in leadership positions, had investigated the current status of gender equality in boardrooms. Apparently, while companies are meeting the mandatory gender quota in supervisory boards, only 8.8% of management board members are female.

And there, at the end, the report calls out 53 German companies. The foundation had found out that 53 of the 160 German listed companies required to specify a gender quota in their annual reports had explicitly stated in their 2018 annual reports that they had set a target of having at least 0% women in the management board by 2022 - and Zalando was one of them (see **Exhibit 5** for the excerpt from Zalando's 2018 annual report).

Robert knows they had meant no harm when they decided to bring David and Jim into the Management Board. They were the most qualified candidates available. Still, he wonders if they had made the right decision. Trying to calm himself down, he reminds himself of everything they had done so far to foster diversity and inclusion. But what if that wasn't enough? Should all their efforts for diversity and inclusion at Zalando have been for nothing?

He breathes in deeply and replies to David's message.

"I think we need to talk about this."

Management question:

How do you think the management board should solve this issue, taking into account Zalando's corporate culture?

Exhibit 1 Zalando's Corporate Brand Identity & Reputation Matrix

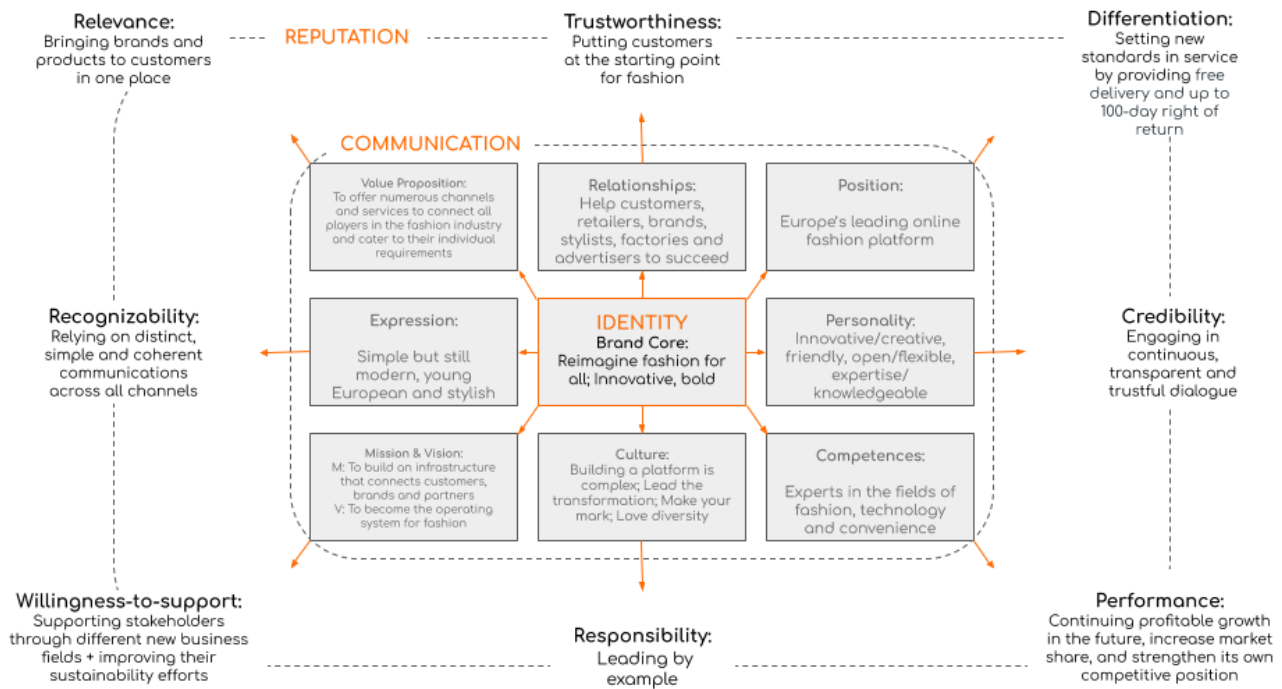
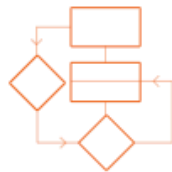


Exhibit 2 Zalando's corporate culture

Culture



Building a Platform Is Complex

Zalando transformed from an e-commerce company into a multi-service platform for fashion. From logistics, to big brands, to fashion bloggers - we're building the engine that connects all people and parts of the fashion ecosystem.



Lead the Transformation

Zalando's future is not designed yet. This is why we look for people who are innovative enough to break through the status quo, brave enough to fail and smart enough to win. Working for us, you will be provided with the trust to make decisions, the freedom to achieve mastery, and the opportunity to grow.



Make Your Mark

Zalando has disrupted an entire industry. Our way of reimagining fashion provides you with the chance to make an impact as an individual, and build your own brand. Start your very own journey to contribute to Zalando's success story and make your mark.



Love Diversity

Zalando is more than an international company with interesting opportunities. Zalando unites diverse people, capabilities and ideas. Consolidating our ideas and effort scales our impact as an innovator in both tech and fashion.

Exhibit 3 Overview of Zalando's employee composition

Zalando Employee Numbers

→ 5

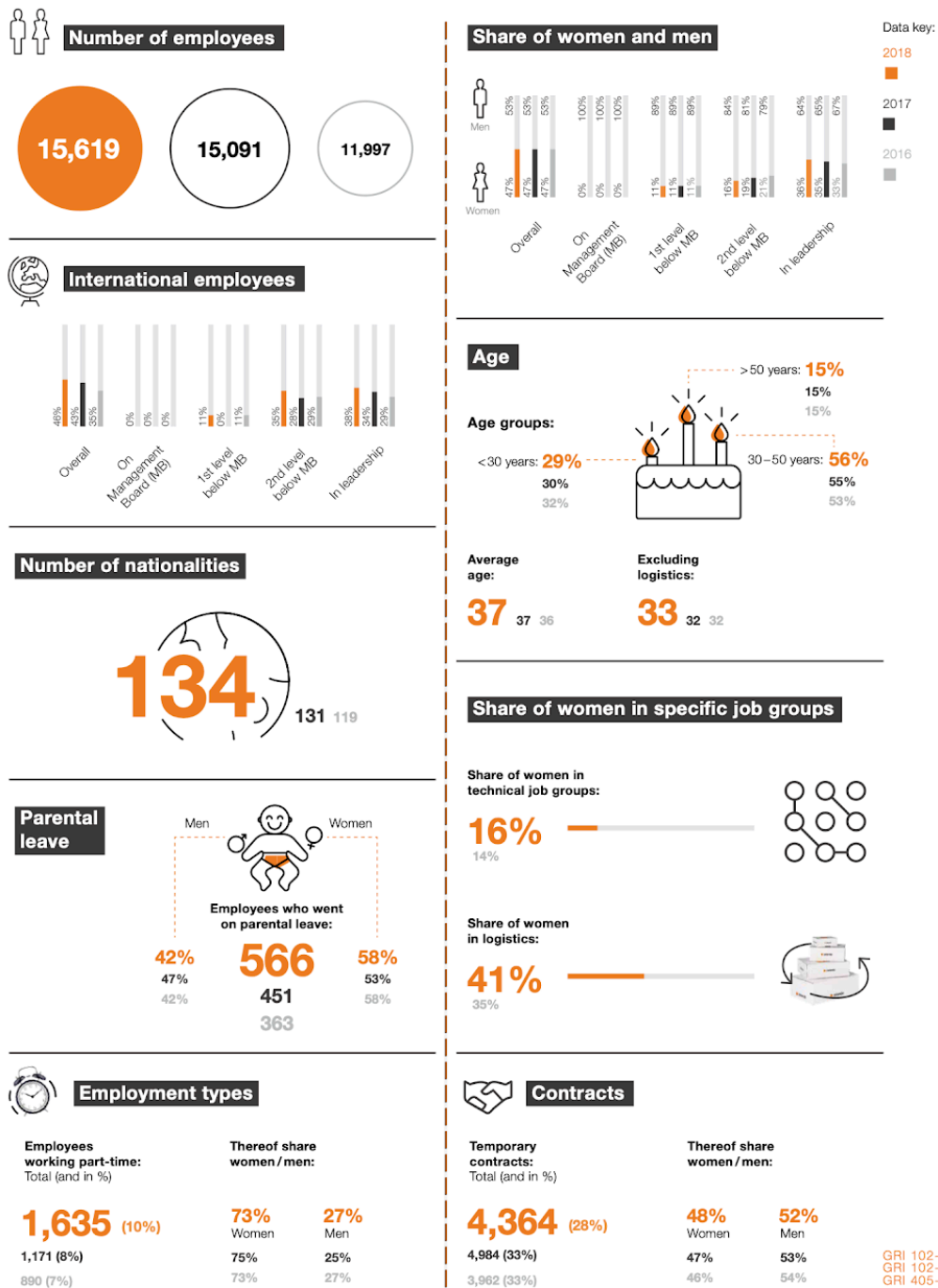


Exhibit 4 Corporate governance at Zalando



Exhibit 5 Excerpt from Zalando's 2018 Annual Report

1.4.4 Target of Female Representation on the Supervisory Board, the Management Board and on Management Levels below the Management Board According to Sections 76 (4), 111 (5) AktG

Zalando attaches great importance to inclusion and diversity throughout the company and has always considered the representation of women in the workforce and in the management of Zalando to be an important aspect of a diverse employee structure. For further details on Zalando's diversity and inclusion strategy, please refer to the do.GROW chapter on page 14.

The target figures for the representation of women on the Supervisory Board, the Management Board and on the two management levels below the Management Board according to Sections 76 (4), 111 (5) AktG have been determined as follows:

Target of Female Representation

→ 25

	Target figure	Valid until	Status as of December 31, 2018
Supervisory Board	22%	June 30, 2022	22%
Management Board	0%	June 30, 2022	0%
First management level below the Management Board	25%	June 30, 2022	11%
Second management level below the Management Board	30%	June 30, 2022	16%