Pivot Perfect

A Thought Leadership Q&A Series by The Brownestone Group

Hans Schmitt: An International Competitor Who Plays to Win

Hans Schmitt is the CEO of AMOR Group, a global organization in the watch and jewelry sector with six brand monikers. In his first official CEO role, Hans has led the company's international expansion from 15 to 26 countries—a testament to his wealth of experience in navigating the complexities of global business. Hans studied business economics and finance in Germany before embarking on an impressive career trajectory at Hugo Boss, where he joined as an executive trainee and quickly rose to President for the Japan region within a few short years. Subsequently, Hans began overseeing the United Kingdom and Nordic regions before being promoted to Senior Vice President of EMEA. In 2010, he was recruited to Warnaco as President, EMEA for Calvin Klein to drive strategy for the brand, before Warnaco's acquisition by PVH two years later. Hans then joined Superdry as Managing Director International and Wholesale, UK, to lead growth initiatives in Europe and Asia.

In 2015, Hans was recruited to Diesel as EVP, Global Sales, reporting to Alessandro Bogliolo and later Renzo Rosso, and dedicated much of his time to overseeing business in the US and Canada. He also served as Diesel's interim CEO for several months towards the end of his tenure, before pivoting from the world of fashion apparel to the jewelry and accessories industry. Since 2019, as CEO of AMOR Group, Hans is propelling the company towards new areas of growth across the world, including bolstering the company's e-commerce footprint.

Hans's blend of humility, intellect, and strategic foresight epitomizes the essence of exceptional executive leadership. The Brownestone Group is honored to share his invaluable insights on international leadership with our readers.

Timothy Boerkoel (TBB): During your academic years, you pursued an education centered on banking and business economics, and even obtained a certificate in banking. This led to early roles with a financial focus, and eventually your professional path led to you becoming a prominent fashion, apparel, and accessories executive at highly notable brands. Share with us what sparked the initial attraction to finance and banking and the evolution that led you to the fashion sector, particularly luxury goods?

Hans Schmitt (HS): When I look back on my early childhood days, my father involved me and my brother, from a young age, in our 250-year-old family winery business, Schlossgut Schmitt. He taught us the basics of P&L, balance sheets, and cash flow simply by involving us in discussions. He even took us to banker meetings to observe and listen. It became obvious that solid financial acumen is crucial for business. In the end, my brother took over the business, but I remain involved today. We still discuss financials together with our completely different backgrounds; I challenge him and get paid in liquid (wine).

At the time, I was still actively playing international basketball and realized it may be wise for me to earn a banking education prior to university, although I knew even at that time that I did not ideally want a career in banking. My older brother was on a similar educational path. He thought it was brilliant - you go into your university years with a knowledgeable foundation of accounting and P&L. I knew then that my passion was to work for an international and premium or luxury product, and I was always drawn to the fashion industry with my desire for nice clothes and shoes. After having the opportunity to play basketball internationally as a teenager for one year in Santa Barbara, CA, I told my father I wasn't interested in going back into the wine business; it wasn't international enough for me, and I knew then that I wanted an inspiring global career.

I was supported by the German sports fund while quite successfully playing high school basketball in the U.S. This was at a time that the NBA was taking off and Magic Johnson, Larry Byrd, and then Michael Jordan were prevalent on the scene – and I was truly inspired. I was intrigued by how Nike built the brand Air Jordan (a relatively small business initially) and how fast this branding traveled around the world. The fashion industry may not have huge businesses compared to the automotive industry, but they can capture an audience. I thought about fashion apparel, footwear, and Nike – and being German, this led me to one of the biggest fashion houses in Germany – Hugo Boss. At that time, they were already operating internationally with plans for growth – it was an ideal time to join. Hugo Boss had a phenomenal trainee program, which ultimately became the fast track for my career. They would select one to two candidates who were intensely interviewed for two days by senior managers and board members. I was fortunate to be chosen for one of those positions. Later in my career, when I was on the other side of the candidate assessment process, I understood the qualities and candidates Hugo Boss was seeking, the value placed on entrepreneurial business experience, and the character developed by treating any business like you're managing your own money. I work to instill that in our managers today – often asking the question, "Would you spend it if it was your own money; would you take that risk?" It makes people think.

TBB: Your trajectory at Hugo Boss is remarkable and inspiring, spanning from 1997 to 2010, and launching you from an executive management trainee to the managing director for Japan, to the UK, Scandinavia and Baltics, and onto senior vice president of the EMEA region. During your sustained tenure with the brand, you performed amidst three different CEO leadership transitions – what did you gain from these experiences in adapting to unique CEO styles both as an organization and personally?

HS: My time at Hugo Boss had an incredible impact and clearly shaped my future career. Each CEO I worked under had a predominant focus that I gained insight from. First was Werner Baldessarini, who had spent two decades as head of design and product for the company prior to becoming CEO. He had an incredible influence on the product and expected those who worked around him to know all the details in all the product categories, regardless of your department. It taught me that *the key to any company's success is a good product*. Of course, other things are needed like a go-to-market strategy and consumer understanding, but if you want to succeed mid- to long-term, you need to have and maintain a good product and continuously ensure quality and value. If you are in the luxury sector, the clear promise of quality (product, service, etc.) for value is essential.

Another CEO, Bruno Sälzer, was truly international and understood that if you wanted to elevate Hugo Boss as a true global company, it needed to extend beyond Europe and into Asia and North America. At that time, Europe was about 80% of the business. He sent me to Hong Kong and later to Japan, feeling confident I could succeed in these markets because of my performance in Germany, my social capabilities, and my endurance. He entrusted me with a lot of responsibility, particularly in Japan, to turn around a loss-making business with my financial background, product knowledge, and propensity to "figure things out." This was a real challenge – he wasn't seeking weekly reporting or much collaboration. It was mine to figure out. I thought, "I have his trust – let's go for it. If this were my own business, what would I do?" I understood in Japan, as a full-on retail market, we needed to be close to the end consumer and extend that across all elements of the brand, product, and service.

Our market was 30% wholesale and 70% retail at the time, so our focus became the retail business. In addition, I decided to bring our Japanese colleagues to the head office in Germany, knowing they needed to learn from the markets and not simply tell the markets what to buy. We quickly identified a small percentage (10%) of minor, yet key, changes to be made in this market. For example: we convinced the head office to slightly adapt the product – like offering non-lined suits, because the summer climate in Japan was too hot to wear a normal suit. Also, we adjusted sizing to a smaller scale, and converting from German to Japanese sizing was a significant change. Additionally, we had planned all of our store buildouts to have the same fixtures to maintain consistency of brand and economies of scale throughout all locations, and discovered we had a problem – our free-standing fixtures were too high in Japan (they were fine for me at a height of 6'5") where the average consumer could not see the back walls. A simple 10–15-centimeter adjustment was all that was needed, so we designed smaller fixtures. These little things, minor product tweaks, made quite an important impact on the Japanese market. Our team was able to turn the business around in 18 months, and most importantly, Hugo Boss was now on the map because we catered to the market.

Another notable achievement was that many of Hugo Boss's designers came from Japan – simply because I personally spent time with them developing concepts and innovation in this super interesting market.

The third CEO I worked with, Claus-Dietrich Lahrs, held a completely different set of traits, coming from a French luxury conglomerate. He knew the U.S. and European markets but had limited knowledge of Asia. He wanted to elevate the brand and build the retail machine through a top-down retail strategy. By that time, I was managing director of the UK business. With my experience in Asia and retail knowledge, it was quite an obvious choice for him to pair me with McKinsey to build the new global plan for Hugo Boss. The work seemed challenging, and an opportunity to help the company grow over the next three to five years with regard to product lines (menswear, womenswear, accessories) and business model (wholesale, retail, e-commerce).

This is not a one-size-fits-all business – regions need to be considered individually as you identify opportunities to tap into the potential of Hugo Boss. The global plan was signed off by the CEO and our private equity company Primera (at that time); and then I was asked to run the EMEA (Europe, Middle East, Africa) region as Senior VP. I moved back to the head office in Germany and quickly realized that senior management had a top-down decision-making style. It was a challenge to adapt to this new style as Hugo Boss had been managed by mid-management for a long time; ultimately, we lost some good people in the change. In order to succeed, I learned to adapt my managing style to the CEO. I strategically worked to convince him of the value in giving clear strategic guidelines and empowering his senior managers. I was confident that decisions would be better and made faster this way. This took time, but he trusted me, and saw that I was very open and thoughtful in my explanations (his office was directly above mine and we would meet by the coffee machine for updates and to share feedback). Ultimately this shift in decision making made the company more successful. He listened and was open to change. We developed a great relationship as he learned how this German company could be successful by him adapting his management style. And he taught a me lot about the specifics of retail in the premium and luxury segment.

In general, the industry is changing; today I need to coach and empower my teams even more, allowing them to make mistakes, and be honest in decision-making. I have a mantra on my computer screen that I see every day, the three Ds; I share it with my management team as well: **Discuss, Decide, Deliver**. We don't always completely align, but we evaluate pros and cons and discuss, then we make a decision, and finally deliver. If the market changes, we may have to tweak our plan, but we have to be clear in our thinking, make informed decisions, and focus on delivery.

TBB: Your career has spanned several iconic brands, each operating under different and complex ownership constructs – from Hugo Boss to The Warnaco Group (specifically with Calvin Klein) and its acquisition by PVH Corporation and leading to roles at Supergroup Ltd/Superdry and Diesel before your current role at Amor Group GmbH. Did you find that your leadership style moved with the tide in order to remain successful, or did you maintain any key tenets that fostered consistency for you across these diverse environments?

HS: In general, you need to be adaptable to generations and consumer changes – the past five years have certainly brought about change. Company ownership structure can have an impact, but it doesn't change my leadership principles. I cannot alter too much of what I believe in – which is authenticity and honesty. However, you can adapt to a certain ownership structure by altering the targets and objectives. As an example, in a PLC (Public Limited Company) you focus on hitting quarterly and yearly results – even more so with a U.S. or UK PLC (like Warnaco and Supergroup) which frequently focuses on short-term gain, and the long-term pain you may not see.

For private companies, particularly founder-led ones like Diesel, you have a completely different dynamic. They drive performance but are more focused on the long term. With "cash being king" in this type of business, and owners often shifting their opinions and strategies over time, you must remain very close to the owner. You need to quickly identify any early signs of direction shifts, in order to either steer them back on course or prepare for the new path. Managing people becomes your key role. You never want to "hide behind your owner" saying the owner changed their opinion – take ownership and responsibility yourself. Clarity and consistency with your management team is essential.

Another environment to navigate is the private equity-driven business, which many find to be tough, but I quite enjoy it – it is about creating value, where cash and EBITDA (earnings before interest, taxes, depreciation, and amortization) are key metrics. You need to make sure that private equity investors understand the business dynamics, what lies behind the figures, and what is happening with the consumers. By bringing them closer to the details, they will more deeply understand the nature of the business cycles. Otherwise, they'll just compare it to any other business. Also, I've found in my experience that private equity firms don't do well with surprises – you must remain transparent and share both the positives and concerns – they want to know everything. Step by step, you gain more freedom to run the business. It's a process.

With any business, you need to earn the ability to be trusted – that is a critical component. For me, regardless of the type of business, my management style is to be transparent, authentic, and maintain open communication with my teams – sharing key metrics and setting clear objectives. When you develop a plan in collaboration with your key people and gain their buy-in, you'll achieve a better success rate. I have found that there is actually very little information that cannot be shared in a company (of course, when you are a PLC, you don't want the word out before the shareholders know). When the entire company knows the plan, how we operate, and how decisions are made – this is the key to success.

Personally, I never take myself too seriously, even as CEO, but I care deeply and feel a huge responsibility to keep jobs secure and move people ahead in their careers. This may be a result of my basketball training – *I know that I cannot win alone*. The better I qualify people, the higher the rate of success. When I played basketball, we always focused on our weakest player, and I still do this today. If I invest time developing and building up the weakest player, I increase performance 20-30%, where time invested in your top player may only yield a 1-2% change. Business works the same way, and our people determine our overall success.

TBB: There is a consistent pattern throughout your broad and diverse career – your teams build companies that expand and grow revenue and sales. You may appreciate a famous quote by Michael Jordan, "Obstacles don't have to stop you – if you run into a wall, don't turn around and give up; figure out how to climb it, go through it, or work around it." Take us a little deeper into the obstacles you've faced and how you've found your way through them.

HS: It's great to hear this quote from Michael Jordan; as I apply it to your question, for me, it's always about working out how to win – and that is not the same as working for the price. This is a trait that most of my colleagues know – I was a basketball player, not a tennis player, so I want to win as a team. Figuring out problems and overcoming challenges is a lot more rewarding than playing against a team where you win 150 to 20. I like to be challenged. I managed difficult situations through the early stages of my life using a sports mentality. You need to adapt your strategy, even your tactics, to a given situation. It taught me that preparation is vital. If you are well prepared and have trained hard, it is easier to accept a loss; and when you win, you know it's because you have prepared properly.

During my time in Japan with Hugo Boss, we had a significant struggle hiring talent. In the early days, Hugo Boss was not a big player in the Japanese market. With limited funds allowing me to only pay market value, hiring talent was tough. I decided a solution was to connect with universities. As a young 29-year-old managing director in Japan, I thought my story would be relatable, and students could see an opportunity for themselves similar to my journey. Some university courses were studying consumer habits and how they shop in Japanese and German cultures (I was a consumer in both markets), so I read up a little bit and prepared. This strategy granted me access to graduates. It didn't hurt that I was still quite young and didn't take myself too seriously in my position. The students saw a guy who was under 30 years old and already a CEO; a living example of the expedited career path available in a German fashion house.

What also became very clear when spending time in universities was the equal number of women and men receiving the same education; which caused me to wonder, “Why do I have only male managers directly reporting to me?” And this was consistent at other companies at that time. It was evident that it was more difficult for women than men to carve a career path into senior management positions in Japan. My solution to the challenge of finding talent became very clear – my target group would be university men and women, *with a focus on women*. I would outline a career path for them and promote them fast. By the time I left Japan, 80% of my managers were female, and they were disciplined, perceptive, and tough. They saw this as a scarce opportunity and valued it through phenomenal performance. As a team, we stood out to big department stores – this 6’5” young German man with size 15 shoes and his team of female Japanese managers with quite small statures. The strategy, and my hard-working, smart team of managers changed the game.

Another challenging time was when I arrived in the UK as a managing director; I had a tough start. Our biggest account, a wholesale client, had only nine days’ cash left in the business. When I asked him to buy more coats, he replied – we can’t, we have no money. I knew I couldn’t lose this client; they were crucial to our business. After a bit of a “verbal fistfight,” I said I’d come and look at his stock files, and learned there were five years’ worth of coats in the warehouse (in an industry where you should only hold six months’ supply). Together we worked out quite a creative plan to package and market stock as ”vintage coats” and convert into cash – and we turned around the business. The company survived and remained our biggest client. He remains a good friend of mine today. This is an example of approaching a challenge with a fresh set of eyes.

In my latest role with Amor, when I joined, we were predominantly a brick-and-mortar business and had just started e-commerce. Our warehouse was full of merchandise and ready for the 40% of November/December gifting season; it is a crucial time of year for our trade. When the COVID pandemic began, most markets had closed down by government rule at this point and everyone was nervous; I myself had some sleepless nights. I knew I had to figure this out and couldn’t just accept our circumstances, so I tried to devise a solution, knowing we only had six weeks’ cash remaining. When my warehouse manager said the word “gold” as we stood in the warehouse, it clicked! We went to my office and compared the current price of gold and silver with the original purchase price, and discovered the gold in our warehouse was now worth more than we’d paid for it.

Gold pricing equates to 70-80% alloy and 20-30% labor, and it had appreciated so much during this crisis that we basically got the cost of goods back. With this information we began creating a plan – it was a little bit ballsy – but I felt confident it would work (and it was certainly better than running out of cash). My purchasing director and I called our key suppliers and ordered the same product and quantities we currently had in our warehouse with delivery for July. Yes, they thought we were out of our minds! We asked for payment terms (received phenomenal ones) and assured them we would pay for it. We then continued by booking containers and flights from Asia to deliver in six months. I had read up on COVID and hoped and prayed that the warm weather would change the tide and the markets would open up again. Fortunately, the markets opened in May/June of the following year, and we were ready to go, with everything produced at a good price.

We had melted all the gold in December and made a lot of cash. We started the market running in June with pre-booked containers when costs were skyrocketing. We had the supply chain completely set up, received our product, and then reported a 4-5 month increase in sales because we were one of the only brands with the ability to do that in the stores. With creativity and tenacity, we were successful through this challenge. Sometimes the solution is to just think outside of the box.

TBB: Having traversed the globe pursuing both personal and professional passions, you've put down roots in many regions … and you've engaged deeply with different cultures and their customs. As a business leader, how has international traveling informed your leadership style when appealing to the diverse cultural nuances of each region you've operated within, and why is that important?

HS: Adapting your leadership style, especially your decision-making process, is important as you understand both the company culture and regional culture around you. It leads to better decisions and a higher rate of success. The decision-making and implementation phases of products are very different from country to country. In Germany, they are engineer-driven, so if a problem arises, a review of past performance data takes place with a solution defined by experience and theory. Roughly the decision process is about 20% of the total project timeframe, then you have 80% to implement it. If you encounter deficiencies, you adapt and fine-tune. That was the culture I was accustomed to.

During my time in Japan, it was mind-boggling to me how decisions were made – the business culture is very different. You present the problem; you present the timeline; then the entire organization discusses it over and over again – how to do it, what could go wrong, what is the perfect process, and potential setbacks. Then they go to lunch and continue discussing. It is absolutely "testing" if you come from a European background. I'm thinking to myself, "When do we get to the *doing*?" It was a culture shock, and I was concerned we would fall behind and never be able to manage it. But it worked. In a nutshell, you discuss at length (50-60% of the timeline is the decision-making process), then you implement. Done. Because everyone is aligned and prepared, there are very few setbacks. If there are any, you have undoubtedly already discussed them ahead of time. I experienced this process over and over again in Japan. It is certainly more rewarding for the whole company because they all have the opportunity to share their knowledge – it's not top-down or engineer-expert driven decision-making. I certainly had to adapt and learn to manage differently for different cultures.

Another example of adapting to cultural nuances was during my time in the UK. It was intriguing how well candidates presented themselves during interviews, but I was disappointed once many had started their job. I would look back over my notes and know I'd made a mistake. It became clear they were very skilled at selling themselves in interviews. My German background tends to be more fact-based – theoretical, educational, and fewer presentation skills. My children are educated in the UK, so today I understand that the skill of presentation would begin in high school. We didn't have to do that in Germany. Maybe the mixture of both cultures is the ideal. At the time though, I had to course-correct my interview process, and it worked.

In general, speaking from my experience, England, Japan, and the U.S. struggle with the complexity of other markets and navigating the dynamics that are different from their home markets. For Americans, it is hard to relate to the diverse consumer preferences within Europe. It's not a big continent, but there are huge differences between regions. You need to manage people differently and see the consumer differently within each region; this is key. Just like how the U.S. market differs state by state, Europe is an entire continent – and as a manager, you achieve better results by adapting to the cultural landscape.

TBB: Today with Amor Group, you hold the CEO seat for the first time, which came with a simultaneous industry pivot – from textiles to jewelry and accessories. Since joining the company in 2018, you've added a number of new countries to the portfolio and built a digital business to more than 12%, marking significant overall growth. What has been your targeted approach to building the business and how would you describe Amor Group's distinctness from the other sectors you have experienced?

HS: At Amor, we see ourselves as one of the leading genuine jewelry companies (silver, gold, and watch producers) in the starting and mid-price segment. My transition from textile to jewelry and watches was a lot easier than I thought it might be. We operate within the same retailers such as department stores and specialized jewelry chains. Additionally, the market dynamics – such as quality, value, distribution channel, wholesale, retail, digital – are all very similar to the textile business. In a greater scope, jewelry complements the textile offering, an accessory of sorts, and it's generally the same consumer.

The distinct difference at Amor Group is that we have built our brand on the strong German trades; we have an incredible quality for value; awesome logistics and IT; and we understand international markets. The German economy has a huge export business with most Germans speaking reasonable English and also French or Spanish. We understand that in order to grow we have to expand outside our relatively small country of 80 million people and deliver international trade. Amor's unique edge is built upon our strong engineering background and logistics/IT – this is central to our success. As an example, jewelry and watches really supported our international expansion. My personal opinion is that they are less culturally influenced than the textile business, where sizes and colors offer more challenges. Jewelry generally does not have sizes (big ears and small ears, same earring), making it easier to go international as long as you have a clear and distinct style for your brand.

Another strength of Amor is our ability to scale, and *fast*. I know at any time, with the press of a button, what unit sells today – in the hour, in the minute, anywhere in the world, at every point of sale (POS). This is because we connect every retailer. I know the exact product, exact location, and exact price within each fixture. It is a scientific approach to logistics which allows us to replenish. We have one incredibly automated warehouse that can ship within 48 hours anywhere in the world. If I see in Brisbane that a certain earring has been sold, I can ship it, and within two days it can be in the store. That is the capability – although for economies, we would bundle with other items. This helps us in scaling and operating worldwide – all of this data assists us in forecasting our merchandise.

Our collection is massive, but it is manageable with data and automated abilities. We know exactly when trends start in certain countries (currently it is charms). With the shift back to charms, which we started seeing last year, we prepared accordingly and launched a new charm collection, having seen many data points from different parts of the world indicating a rate of sale of certain charms. We use this information in forecasting, identify the lead times, and have the product in stores in about three months. Amor as a brand is much more than jewelry – it's an amazing system mixed with IT, logistics, forecasting, and the ability to be on trend.

Our IT system is continually being enhanced. Ironically, sometimes the biggest problem can be people. We may have everything figured out systematically, and then someone opens a turning display and changes it, thinking it will look nicer if moved around. Training on the sales floor is critical. We then run synchronizations, as all the product may be there but not positioned properly for all the systems to capture the data.

In Mexico, our team at Amor is testing the ability to take pictures supported by AI with mobile phones to validate jewelry placement and then provide the direction to rearrange it. With the press of a button, the information is sent to Germany, instantly. This was developed in-house. With these tools we refine, get better, and get faster. It's all about improving the success rate by reducing net working capital, and not shipping out merchandise that is not needed, with each item only one time on a display. Our packages are small, so we can ship directly to the point of sale. Logistics costs outweigh having extra stock that is the *wrong* stock (working capital). We also have very few markdowns – if something's not moving, we call it back to the warehouse or melt it (it is gold and silver). If it is maintained in the warehouse, we can redistribute it to a POS where we are certain it will sell.

Our model is unique, one with no heavy burden of extra stock; our team manages it well with excellent data and forecasting, and a continuous drive to win.

About The Brownestone Group

The Brownestone Group was launched in 2015 with a mission to offer the most effective executive search, strategic consulting, and leadership advisory services. We introduce exceptional talent to brands and their leaders, transforming businesses and careers. Founder Tim Boerkoel possesses more than 25 years of retail, consumer, hospitality, and luxury experience, advising and recruiting for startups and global corporations alike in their searches for CEOs, Presidents, Board Members and C-Suite talent. Brownestone, along with its global network of affiliate partners, operates as a true partner to clients ensuring swift yet long-lasting results.