

Leadership Models in the Fashion Industry: Which Leadership Style is Most Stylish in Today's Market?

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ABSTRACT

The influence of fashion is inevitable in our everyday lives. With the rise of social media, anyone can now be a trendsetter. As such, the fashion industry has become a rapidly changing industry, and many companies are struggling to keep up with changing consumer demands. Part of the problem may be that fashion executives continue to lead companies with a classical, hierarchical approach that is conducive to a lack of flexibility and creativity. What should fashion companies do to stay competitive?

The purpose of this essay is to examine the importance of leadership within fashion companies and to explore which leadership style fits best in a rapidly changing fashion market. I argue that to stay competitive in this field, fashion company executives should consider a transformational leadership approach in order to avoid biases thriving in hierarchies that limit their flexibility and creativity.

Ultimately, although it is difficult to completely abandon hierarchies within fashion companies, even implementing aspects of the transformational style into a classical approach could help companies stay relevant in today's fashion industry.

Introduction

From neon in the 1980s to oversized sweaters in the 2000s, fashion trends are constantly changing, and it is difficult to predict how long a certain design will stay in style. Some companies have survived through the volatile fashion industry for decades. Others flourished for a short period of time but then eventually became obsolete. For example, True Religion reached its peak popularity

in 2013, amassing 490 million dollars in revenue that year (Petro, 2017). However, by 2017, the company had lost nearly 80 million dollars and consequently filed for bankruptcy protection. How did a company selling products that were once status symbols become so unpopular in only 4 years?

The answer lies in the desires-based, as opposed

to needs-based, nature of the fashion industry itself. Especially in the age of social media, consumer desires are constantly being influenced by celebrity culture and peer groups. Thus, the styles in demand are also constantly changing, making fashion companies more prone to collapse, if they are unable to adapt quickly.

To avoid collapsing, it is up to company executives to understand the demographic of their consumers and to capture what these consumers truly want in their products. However, the flexibility of a fashion company's leadership style often determines how easily this adaptation can be achieved. Ironically, many fashion companies follow a top-down, hierarchical approach under a classical style where ideas stem only from company executives. With only a small group of individuals holding decision-making power, biases may arise, which can limit the ability of a company to grow and evolve (Berman, 2017). More than ever, there is a need for alternative styles of leadership in fashion companies that can unify a group's vision, promote risk-taking, and motivate followers at all levels of the company. In this paper, I will argue that to be competitive in a rapidly changing field like the fashion industry today, fashion company executives should consider adopting a transformational leadership approach in order to avoid biases that ultimately limit their flexibility and creativity.

Methods

The characteristics of three leadership styles: classical, transformational, and organic, were explored, followed by an analysis of the benefits and flaws of each style with respect to the fashion industry. To provide background on these leadership theories and concepts, a combination of books, academic journal articles, and video lectures accessed online were utilized. News articles from popular magazines and newspapers detailing the rise and fall of three major companies were analyzed to explore which leadership style

best fits in the current fashion industry. These sources were chosen because magazines and newspapers are targeted towards the general population, who are, in turn, the consumers within the fashion industry. Additionally, the target audience of magazines and newspapers was similar to that of this paper. Capturing the perspective of consumers was essential, considering that fashion is so prevalent in everyday life. Finally, a case study approach was taken to study three companies that displayed either one or more of the 3 leadership styles because their rise and fall spanned several years and was progressive. With a case study approach, the type of leadership (and changes, if any) that ran the companies during this period were analyzed. As the fashion industry is rapidly changing, case studies are effective ways to show progress, whether growth or decline.

Three styles of leadership

The classical style has historically dominated organizations, for its highly structured, hierarchical approach makes it one of the most stable and reliable forms of leadership (Avery, 2004). Under the classical style, one leader or group of leaders holds the majority of decision-making power. Followers comply to the leaders' demands out of fear or respect, but do not have much input on how decisions are being made (Avery, 2004). This is sometimes beneficial, for decision-making is fast and ideas are consistent. After all, there is little opposition from external perspectives since control is centralized at the top of the organization's hierarchy.

Over the past 30 years, however, new styles of leadership have started to emerge. For example, transformational leadership, otherwise known as "visionary leadership", revolves around one shared vision between leaders and followers. Components of transformational leadership include influence through charisma, inspirational motivation, individualized consideration, and openness to questioning and feedback (McCleskey, 2014). Under this style, followers are not just included, but are

also expected to participate in the decision-making process. Transformational leaders are receptive to input and must use this to maintain follower engagement and to uphold the group's vision.

The newest leadership style – organic leadership – does not actually have a formal leader. Rather, there are several smaller groups, each led by a leader, that work together to achieve the organization's goals. This style is built upon the idea that individuals will interact and share ideas within their groups, then subsequently work with other groups to make decisions (Zhang et al., 2014). There is no hierarchy; therefore, the values and overall culture that drive decisions within these organizations are almost entirely determined by their small groups.

Historical prominence of classical leadership in fashion

Until recently, having a classical leadership model in mega fashion companies was inevitable, and its flaws did not harm companies. Historically, most brands have been established around the ideas of one person who was simultaneously the brand's designer, chief executive officer (CEO), and founder. This naturally created a hierarchy, which placed said person at the top. For example, Tommy Hilfiger launched Tommy Hilfiger in 1985 using his own clothing designs (Belkin, 1986). He also managed the first advertising campaigns and decided what would be showcased at fashion shows. Unrivaled at the top, how was Tommy Hilfiger highly successful in the fashion industry despite being a classical leader?

Firstly, fashion companies did not really have to adapt according to rapidly changing consumer interests until after the late 1980s (Bhardwaj, 2009). Previously, companies could forecast consumer demands years before and subsequently design products that would be competitive in future markets (Guercini, 2001). Now, the standard time

for clothes to move from catwalk to consumer has decreased from at least six months to, at most, several weeks (Joy et al., 2015). Thus, flexibility was not as much of an issue for Hilfiger. In fact, Hilfiger's signature "preppy look" designs thrived until the mid 1990s, so design changes were not actually needed to sustain company success until at least a decade after its formation (Fox, 2010).

Furthermore, his classical style was likely successful because he was already respected in the field for his designing skills (Belkin, 1986). Hilfiger was outstandingly innovative and unique with his designs at the time. This likely made it easier and more natural for followers to follow Hilfiger's commands, which is ideal within a classical leadership model (Avery, 2004). Decision-making was likely easier as well, as his authority was unchallenged within the company.

Counterarguments against classical leadership

The fashion landscape since Hilfiger first built Tommy Hilfiger has changed dramatically. With the rise of low-cost, ready-to-wear fashion brands like H&M, consumers are now, on average, browsing fashion stores every three weeks in search of new designs (Barnes and Lea-Greenwood, 2006).

The classical model is much too inflexible to accommodate such quick demand. If this model centralizes authority at the top of the hierarchy and gives almost no power to the bottom, how can it truly capture how the consumer is changing and what the consumer wants? After all, while creative directors have full control over the designs of collections, and marketing managers handle the company's image, store managers and retail employees at the bottom of the hierarchy have no input in what they sell. Ironically, they may actually know more about consumers because they are the ones who regularly interact with them. Regardless, employees continue to follow

directives, as high-standing executives are viewed as the most knowledgeable. Eventually, this hierarchy may lead to authority bias, which is the tendency to agree with the actions and decisions of someone perceived as an expert (Wernars, 2017).

In a more severe example of failed classical leadership and authority bias, former CEO Dov Charney was fired from American Apparel after being accused of workplace harassment and excessively using his power to control the company (Lewis, 2014). According to employees and company executives, all members of American Apparel were expected to regularly call Charney directly, not just for concerns, but also for general meetings and updates. Charney was also an infamous micromanager and used aggressive treatment against employees to influence workplace decisions (Lewis, 2014). For instance, concerns were raised about his treatment of factory-level employees amid disagreements on a store's inventory system (Kim, 2012).

Unfortunately, employees were restricted from voicing their workplace concerns because of an "At Will Employment Confidentiality Agreement" they signed as a condition of employment (Kim, 2012). Employees therefore had no choice but to agree with Charney's directives, for he was the one with authority. Shortly after he was fired from the company, American Apparel filed for bankruptcy (DiNapoli, 2016).

In spite of the outcomes in this case study, it would be unrealistic to say that classical leadership had no benefits at all for American Apparel. After all, decisions under this style can be made quickly because power is centralized within a small group (Avery, 2004). This was helpful when American Apparel was first founded. With little opposition, Charney was able to design, produce, and distribute the company's iconic "simple t-shirts" at a staggering rate of 1 million t-shirts per week (Business Wire, 2006).

As a result, the company was able to grow quickly.

However, as was seen shortly afterwards, too much centralized authority may eventually lead to employee dissatisfaction, since those at the bottom are simply forced to follow on command. Within such toxic environments, employees become less engaged, less productive, and less likely to voice their thoughts (Pfeffer, 2015). In an industry like fashion where consumer desires can change within weeks, maintaining the satisfaction of store or factory-level employees is crucial, for they are the ones with the most customer interaction. Having a hierarchy restricts the potential flow of ideas between them and company executives, so authority bias cannot be extinguished. As a result, a fashion company like American Apparel, which is strictly led under a classical approach, remains inflexible in the face of the changing consumer. This makes it less competitive in today's fashion industry.

Alternative styles of leadership: a transformational approach

Though the centralization of power in classical leadership does have some advantages, its inflexibility is just not ideal in the fashion industry today. Fashion companies like Juicy Couture have failed in part because their classical leaders continued to make decisions based on their own biases while disregarding customer and employee input. They lacked a vision that was relevant to their present audience and, therefore, could not adapt to changing demands. Developing a vision is characteristic of transformational leadership, and without this vision, fashion companies will struggle to adapt in today's market.

For example, Juicy Couture became famous for their unicolored velvet tracksuits in the early 2000s (Lutz, 2014). After several years, competitor Lululemon emerged with more versatile apparel

that targeted the same demographic and became more popular. Despite evidence that the “ultra-girly” vision for Juicy Couture was no longer sought after, CEO Bill McComb refused to let his brand evolve design-wise (Sherman, 2013). Driven by confirmation bias, he blamed the dropping Juicy Couture stocks on the global recession. His vision for the company was clearly outdated, but he was unwilling to accept feedback from employees and customers. However, because he held the most authority, Juicy Couture maintained the status quo. Consequently, the company continued to plummet in revenue and popularity (Sherman, 2013).

To compete in today’s fashion industry, it may be in a company’s best interests to try a more flexible model like transformational leadership, otherwise known as “visionary leadership”. Because this style is based on a shared vision between leaders and followers, the company’s strategy can be tweaked depending on what followers want, in order to match present market conditions. For instance, while the Tommy Hilfiger company was founded upon a classical leadership model over 30 years ago, Hilfiger has re-invented himself into a legitimate transformational leader to fit today’s markets. Hilfiger has now moved past a fixation on design innovation and has transitioned into social innovation. After all, part of being a transformational leader today requires the ability to unify a team with a responsible, socially-conscious, and inclusive vision that benefits the greater good of the company and the world. Fittingly, Hilfiger has unified the company with a socially-conscious vision of sustainability, positivity, and youthfulness through Tommy’s 3 Principles (Tommy Hilfiger Licensing, 2015). Furthermore, the company now has a separate creative director, many fashion designers, and has established a program called “TED @ Tommy” that gives associates of any level a platform to express their ideas or opinions (Tommy Hilfiger Licensing, 2015).

Though it is important to acknowledge that Tommy Hilfiger still has a hierarchy in terms of how roles and tasks are distributed, the transformational approach has given individuals more agency to lead or at least contribute to discussions in their areas of expertise, which is characteristic of shared leadership (Washington, 2015). Sharing responsibilities has been conducive to creativity and flexibility, which was previously lacking under classical leadership. For instance, Hilfiger gave model Gigi Hadid the power to design the company’s current clothing line, Tommy x Gigi, even though she was not an executive. Hadid simply had to uphold the company’s vision in her designs. Unrestricted by a hierarchy, she was able to create a novel clothing line that was still youthful, positive, and sustainable. The clothing line led to double-digit company sales growth for two consecutive seasons (Lockwood, 2017).

Counterargument against transformational leadership

A major argument against the need for transformational leadership is the observation that luxury companies like Gucci, among others, seem to be doing fine under the same classical leadership approach they were founded upon. Many luxury companies do still follow a strict hierarchy wherein a CEO leads a small group of creative directors and marketing managers to design and sell merchandise (Lerévérend, 2018). Under the full control of company executives, these products are consistent throughout every store and change simultaneously each new season.

Though I do agree that management in these fashion companies is more “classical” than many others, a clear vision is actually even more integral to luxury brands because their products are so symbolic. After all, consumers tend to purchase luxury merchandise because of a brand’s history, prestige, and the way wearing such items projects affluence (Okonkwo, 2009). Gucci, for instance,

was founded in 1921, and has since become one of the world's most successful manufacturers of high-end leather goods (Kering, n.d.). Although Gucci has followed a classical leadership style since its formation, the leader's vision has always been critical to the company's success. In fact, Gucci struggled in the early 1990s under Domenico De Sole's leadership (Conti, 2011). De Sole's vision was to make Gucci's merchandise more accessible to the public, but this consequently caused Gucci to become overexposed and its image was cheapened. When Tom Ford took over in 1994, he instilled a new vision of glamor and sexuality (Solamatina, 2016) to appeal to Gucci's younger audiences. He also restored the prestige of its merchandise by eliminating cheaper, secondary product lines (Conti, 2011). Consequently, Gucci's sales dramatically increased (Solamatina, 2016).

Thus, in the case of luxury brands, classical leadership is still followed, but the incorporation of certain elements from the transformational approach makes companies adaptable and more competitive in the fashion industry.

Alternative styles of leadership: organic leadership combined with the transformational approach

Although classical and transformational leadership are most common in fashion, the organic approach to leadership also has promise, especially when used in conjunction with the transformational approach.

As one of the newest leadership models, organic leadership – or the “small group approach” – is more difficult to apply in the fashion industry by itself. This may be because communication under a small group approach is too difficult when there are many people in an organization (Avery, 2004). Organic leadership is, therefore, usually applied in combination with transformational leadership. For example, Ronald van der Kemp,

founder of fashion company, RVDK, uses an organic leadership style in that RVDK's design and production happens throughout several small ateliers in the Netherlands (Mower, 2018). The idea behind having several ateliers stems from van der Kemp's vision of providing talented Syrian and African refugees the opportunity to showcase their skills and to earn income (Mower, 2018). In these ateliers, employees hand-craft their own designs. As a result, almost all of RVDK's products are limited edition, which has distinguished it from other European fashion companies.

The organic style of running the company enabled the implementation of van der Kemp's transformational approach. Both styles work synergistically to instill new energy into the company that makes it stand out and potentially renders it more competitive.

Because the company was only created in 2015, there is still limited data to support the effectiveness of van der Kemp's style. This being said, the rising prominence of RVDK on red carpets and social media suggests that it is competing well in today's fashion industry (Berrington, 2018).

Limitations

There are also other leadership styles like transactional leadership and servant leadership that this paper does not explore. Though the three styles discussed (classical, transformational, and organic) are the most pertinent to the fashion industry, further research into how other leadership styles could influence the functioning of other fashion companies may help broaden the scope of this research.

There was also limited information on exactly how Tommy Hilfiger ran his company in the 1980s beyond what is included in this essay. Though some information about the company was available in archived articles from The New York Times, testimonials from staff or other people

who worked with Hilfiger at this time could not be found. Additionally, because followers are so fundamental to leadership, further examining employee and customer satisfaction amid leadership changes in companies like Juicy Couture and Gucci would provide additional evidence on the effectiveness of certain leadership styles.

Finally, because many of the examples used in this paper are relatively recent, much of the evidence provided was anecdotal and not statistical. Perhaps in several years, there will be more concrete numbers that can attest to the effectiveness of different leadership styles within fashion companies.

Conclusion

Ultimately, it is unideal for fashion companies to continue relying on pure, classical leadership. Although it is difficult to completely abandon hierarchies within fashion companies, even implementing aspects of the transformational style into a classical approach could help companies stay relevant in today's fashion industry. Embedding other leadership styles like the organic approach to transformational leadership may also increase its effectiveness.

I personally believe that fashion is art, and that the fashion industry is built on a premise of creativity, innovation, and risk-taking. A transformational approach is flexible enough for these qualities to thrive, while also promoting a unified vision that makes a brand unique and sets it apart from its competitors. Whether we accept it or not, fashion culture is an integral part of our lives, and it is in a company's best interest to offer consumers the products that they want. However, these companies cannot survive today's rapidly changing fashion industry without learning to adapt. By abandoning the status quo of classical leadership, they are one step closer to competitiveness, and one step further from a tragic collapse.

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