

WWD



No Let Up

Tropical Storm Harvey continued to hammer Texas, but retailers began to reopen some stores. **Page 3**



New Format

China department store Bailian has launched a new multibrand chain. **Page 5**



Report Card

The few hits – and lots of misses – at the VMAs. **Page 17**

Fashion. Beauty. Business.

Petite proportions trumped function in the chic mini-bags designers created for resort. Here from the top, Delpozo's calf leather clutch; Mark Cross' enamel and gold-plated brass cross-body style, and Rochas' silk micro bag with crystal embellishment. *For more on the trend, see pages 10 and 11.*

BY ANDREW SHANG

PHOTOGRAPH BY JONG HYUP SON

STYLING AND SET DESIGN BY HAIDEE FINDLAY-LEVIN



Tiny Tempters

BUSINESS

Fashion Warms To Tech Culture

- The industry is increasingly turning to the start-up mentality to fuel innovation and compete.

BY KARI HAMANAKA AND KATYA FOREMAN

Working at a start-up holds a certain allure: creative office space where people can work standing up or even take naps; a democratic environment where all voices – from the founder to the intern – matter, with everyone working toward a higher purpose. Oh, and failure isn't necessarily a bad thing – in fact, it's often encouraged.

Now that mind-set is seeping through the fashion world, including the failure part, and for myriad reasons – not the least of which is to better compete for

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BUSINESS

Brunello Cucinelli Cautions On Web

- The Italian entrepreneur aims to protect his brand as he reported gains in profits and sales in the first half.

BY LUISA ZARGANI

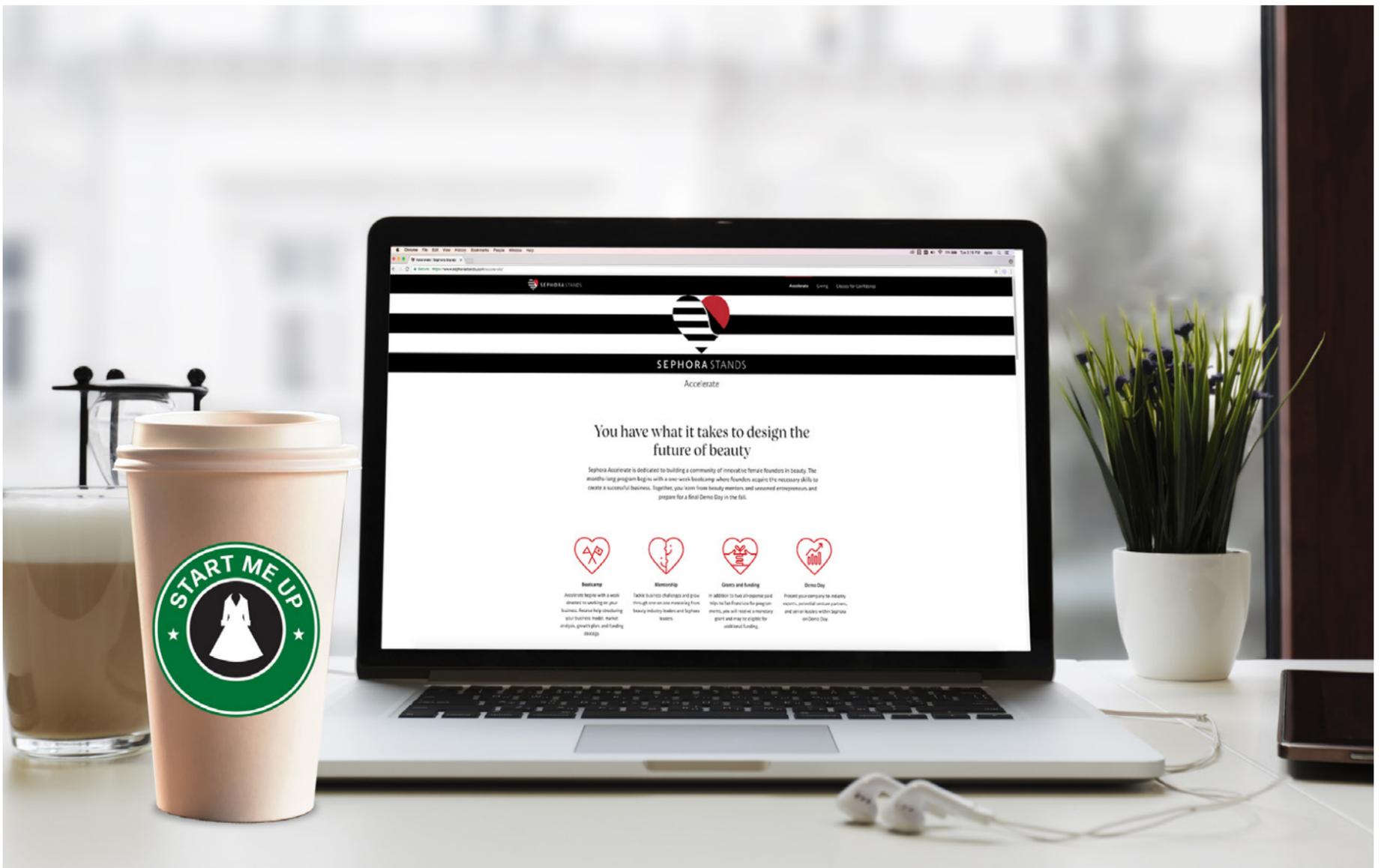
Trust Brunello Cucinelli to do things his own way.

Just as online retailing is being hailed as the be-all and end-all for most industry players, the Italian entrepreneur, chairman and chief executive officer of his namesake company voiced caution during a conference call with analysts on Tuesday as he discussed growing profitability and sales in the first half of the year.

"We must protect the brand, even renouncing [part of] sales. The web is bringing chaos, which is a negative to the value and image of a brand," said Cucinelli.

The remarks were made despite Cucinelli's investments in its new e-store launched earlier this year and his high praise for

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talent against the techies, not to mention attract consumers who have a tech outlook all their own.

As fast as they roll out new collections, fashion and luxury brands are hustling to create in-house accelerator programs, recruit top tech executives and shift corporate culture in the digital age.

Indeed, “start-up” has become a watchword for everyone from France’s tech-friendly president, Emmanuel Macron, to Bernard Arnault, chairman and chief executive officer of LVMH Moët Hennessy Louis Vuitton, and France’s richest man.

“The customer really is the constituent in this equation that is driving what will define success in the future. In the old days, there was the traditional approach where the company knows best – we will determine the best experience and we will

push that out to customers,” observed Gap Inc. executive vice president of strategy and chief customer officer Sebastian DiGrande. “The pace at which customers can share experiences, share what they like and don’t like, react and respond, it’s accelerated so much that if we can’t move at the same pace, we get left behind.”

Established players “have started to see the unique, dynamic, creative and disruptive benefits of start-up culture, and are trying to replicate some of those conditions in their own environments,” said Carmen Busquets, the majority cofounding investor of Net-a-porter, who is said to have invested more than \$50 million to date in start-ups in the U.S. and Britain including Farfetch, Moda Operandi, Flowerbx and Tagwalk.

“If it works, the teams within those corporations will benefit from the chance to be more motivated to learn, work and be more dynamic and creative, and since they understand the importance of interdependence, of teamwork, some of them

will naturally stand out as leaders and pursue personal goals within a larger team without the risks of joining a traditional start-up.”

The cons, she cautioned, “are that this may not all mesh very well – sometimes the old structures of companies doesn’t fuse with the smart, entrepreneurial and ambitious team spirit of start-ups. Start-up people aren’t used to working in environments where there are so many politics, restrictions and glass ceilings. With these restrictions, they don’t find the motivation that fires their creativity and hunger for innovation and learning. It’s hard to have it both ways and it may be challenging to meet so many diverse demands – that of the corporation and the start-up within it.”

Tagwalk founder Alexandra Van Houtte said the buzz around start-up culture is freeing up opportunities for the younger generations. Tagwalk is billed as the first free search engine for fashion shows and accessories.

“People are realizing that maybe

younger people might have a different view on how to shop or select clothes or pick up clothes. Fashion is starting to embrace younger people actually working and bringing something to the industry,” said the budding Franco-British technology entrepreneur.

She noted that with the frenzy around tech start-ups, the risk for the brands and groups circling is that they get distracted from the principal goal of “having a really functional, perfect web site that sells.”

“Brands are increasingly interfacing with customers via software,” said Ian Rogers, chief digital officer at LVMH, who joined the luxury group from tech giant Apple. “With everything that we’re doing, we’re trying to be very proactive about that – bring the future closer, faster.”

But as brands scramble to crack the “fundamental physics of how you get the consumer’s attention” in the digital age, Rogers said he doesn’t see the tech-luxury divide as being that black and white. “Oh,

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Fashion Firms Add Labs, Accelerators

Here’s how some companies are taking elements of start-up culture to make it their own.

● Defining start-up culture is hardly black-and-white. Applying what that means to an existing corporate culture? Even harder.

Many companies are pivoting in an effort to keep pace with a new breed of consumer and new generation of workers. For some, it’s driving innovation through accelerator programs. Others are focused on work-

force development. There’s no template for what thinking like a start-up means, but here’s what some industry players are doing to remain relevant and compete:

PLUG AND PLAY – FASHION FOR GOOD ACCELERATOR – KERING

Kering in March 2017 came on board as a founding anchor partner of the

Plug and Play – Fashion for Good accelerator to help sustainable textile start-ups upscale their innovations.

After three months making their respective solutions market and investment-ready in Fashion for Good’s hub in Amsterdam, including mentorship and training by Kering and C&A senior management, participants including Agraloop, Amadou and MycoTex presented their developed business models to an audience of investors and corporate partners at a Demo Day event held in Amsterdam in late July. Select start-ups are eligible

to receive between \$25,000 to \$75,000 in funding to support the scale-up of their sustainable innovations.

Whittled down from more than 200 applicants and a shortlist of 19, 10 newly selected start-ups from around the world will attend the next 12-week accelerator from September to December. They include Nature Coatings, specializing in high-performing bio pigments and finishes for textiles, and EON.ID, billed as the first global tagging system for textile recycling. —KATYA FOREMAN

MATERIALS INNOVATION LAB – KERING

Established in Italy in 2013, and focused on identifying new and sustainable fabrics, Kering’s Materials Innovation Lab boasts a comprehensive library of more than 2,000 certified fabrics. The lab’s in-house experts also offer support to the group’s brands and their suppliers so as to integrate these materials into their product offerings. Examples include organic cotton for Alexander McQueen and Stella McCartney, sustainable wool for Brioni, and cashmere for Gucci.

A second Innovation Lab is in the works for 2018,

geared to offering the group’s watches and jewelry brands access to innovative sustainable production and sourcing technologies and solutions, such as lead-free enamel. —K.F.

YOUNG LEADERS ADVISORY GROUP – KERING

Due to launch in 2018, and working with Millennials from around the world armed with a “specific sensibility or knowledge on sustainable projects,” Kering’s Young Leaders Advisory Group will be geared at “stimulating innovation externally and internally,”

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Silicon Valley does A, fashion does B. 'Let's try to get B to do A,' It's not that simple, it's tough," the executive said.

Even before Rogers' arrival in 2015, LVMH regularly organized field trips to technology hubs for its staff – not just to Silicon Valley but also to China and South Korea.

"China and [South] Korea are even more advanced in terms of societies online than the U.S. China has twice as many people online than the U.S. has human beings in the country. We pay attention to any market that looks like the future," he said.

"The interesting thing about LVMH is that it's not an operating company, it's a holding company, and the maisons are very

independent; some of them are quite small and very much like a start-up. I'm sure if you talk to Simon Whitehouse [ceo] at J.W. Anderson, he'll tell you that [the brand] is definitely a start-up, or Nicholas Kirkwood. Even some of the older houses like Acqua di Parma where they have new ceo's and relatively small teams, in my opinion, watching them operate, they operate very much like a start-up," Rogers said.

"The way that Arnault has prevented centralization is to preserve the entrepreneurial spirit inside of the maisons. The thing that is really different is, I come from a world where the product is software, and these guys come from a world where the product is physical, and technology plays a relatively minor role. That's maybe a more profound change."

Likewise, Le Bon Marché's new global e-commerce site 24 Sèvres is "very much

a start-up," Rogers added. "It's based in a building in the 15th arrondissement, everything is in-house, from the tech to the creative. Obviously they worked with some consulting teams to get up to speed while they were hiring, but they're proud of how self-contained it is. It's just like a start-up, it's agile, it sprints; they release early, release often, as we say in the start-up world."

Marie-Claire Daveu, chief sustainability officer at Kering, parent of brands including Gucci, Puma, Boucheron and Stella McCartney, echoed that, historically speaking, "innovation has been at the core of the luxury sector."

"What is interesting with start-ups is the way they work, with a lot of agility and an entrepreneurial mind. It's something that has been strong since the beginning for Kering; [Kering ceo] François-Henri Pinault

himself has always had an entrepreneurial spirit. Luxury is linked with savoir faire, heritage and beautiful product, but it's also linked with innovation."

Initiatives that fall under the French group's so-called Create pillar, one of the three pillars of Kering's 2025 sustainability strategy and focused on disruptive innovation, also include the company's Italy-based Materials Innovation Lab focused on "identifying new and sustainable fabrics."

According to a source, Artémis, the private investment arm of the Pinault family, is also eyeing tech initiatives, especially those geared to the retail sector, while Gucci has a shadow executive committee that contributes to the brand's development.

For Daveu, collaborating with start-ups "but also universities and a lot of non-governmental organizations," opens the group



A store associate uses a mobile checkout device.

"People are realizing that maybe younger people might have a different view on how to shop or select clothes or pick up clothes."

– Alexandra Van Houtte, Tagwalk

up to new technologies and opportunities, including alternatives to traditional materials and energy and water saving innovation. They serve, she said, as a vital contributor to achieving Kering's 2025 sustainability targets that include cutting carbon emissions by 50 percent and reducing the company's environmental impact by at least 40 percent, mainly from the production of raw materials.

But while start-up culture is synonymous with Silicon Valley, luxury and retail firms are increasingly turning to other geographies for innovative ideas – including France's budding start-up ecosystem.

After New York and London's Shoreditch a few years ago, Paris is "having its moment," according to Rogers, citing an "almost over-investment in start-up culture across all of Paris."

Incubators are mushrooming all the way out to Station F, he said, referring to a new hub housed in a former railway depot in the city's 13th arrondissement. Billed as the world's biggest start-up incubator, it's the latest brainchild of telecommunications and technology tycoon Xavier Niel, often described as France's Steve Jobs. He is also the partner of Delphine Arnault,

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said Marie-Claire Daveu, Kering's chief sustainability officer, who will handpick the individuals along with Kering chief executive officer François-Henri Pinault.

Comprised of six Millennials from within Kering and the group's houses, and six external "young leaders," the group will meet with and advise Kering's executive committee on a recurring basis.

"It's to have a cross discussion; it would be nice to also put in place a program, but to start with, it will be general exchanges to hear their feedback, and after

it's something we will build together," Daveu said. – K.F.

VIVATECHNOLOGY

Billed as a hub for the world's innovators, tech-lovers and pioneers of the future, VivaTech, a three-day tech forum held each June in Paris, presents a curated selection of start-ups.

The most recent edition presented 6,000 start-ups and attracted 68,000 visitors, including 1,500 investors, with French President Emmanuel Macron among the VIPs. The LVMH Innovation Award also launched at the event, with 32 finalists exhibiting their solutions at the LVMH

Lab stand, and Heuritech, a French start-up specializing in artificial intelligence image analysis, scooping the award. Jury members included Angela Ahrendts, senior vice president of retail at Apple Inc., and Daniel Zhang, ceo of Alibaba Group.

Ian Rogers, chief digital officer at LVMH, described the event, which is also open to the public for one day, as "this lightning rod" where major companies like LVMH or Orange "can get together and celebrate what's happening in Paris and the start-up community broadly.

"It's got this world fair kind of feeling to it," he added. "To

see 10-year-old kids make a start-up pitch is really moving, and that will definitely have an impact, at least a couple of those kids will be inspired to be a part of it when they grow up." – K.F.

DARE LVMH

DARE LVMH – short for Disrupt, Act, Risk to be an Entrepreneur – an internal start-up style initiative launched by LVMH in July, is aimed at encouraging the group's staff to think like entrepreneurs.

The inaugural three-day edition gathered 60 LVMH employees from 40 of the group's houses and based

in 15 countries to develop pitches in a WeWork coworking space. They were whittled down from 500 candidatures sent in after a "call for ideas" made by the group to 4,000 of its collaborators.

Following a final pitching session, three teams were selected by the jury and will be mentored by members of the group's executive committee to help bring to life their respective projects, with domains ranging from client services to retail concepts.

A green-oriented edition of the initiative, dubbed DARE Green, is slated to run Oct. 9 to 12 in Paris, tailing

an event due to be held by LVMH on Sept. 19 and 20 marking 25 years of the group's commitment to the environment.

"If you look at the LVMH Innovation Award and VivaTechnology, that was very much about the start-up ecosystem outside of LVMH. By definition, it was making sure that every start-up in our space is somebody that at least we are aware of," said Ian Rogers, chief digital officer at LVMH. "The DARE LVMH initiative was the other side of the coin, it was internally facing; how do we make sure that our employ-

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Inside DARE
LVMH, an
internal start-up
style initiative.

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second-in-command at Louis Vuitton.

France in June introduced the so-called French Tech Visa facilitating access for tech workers from outside the EU. But homegrown tech moguls are also heading back in droves, with Rogers citing a “reverse migration” of talents such as Ousama Ammar, who recently returned to France from Silicon Valley to cofound The Family. It’s billed as a long-term strategic investor that empowers entrepreneurs through education, services and capital.

Other local start-up initiatives include École 42, a fees-free school for would-be programmers, also backed by Niel; start-up incubator The Village by CA, backed by local bank Crédit Agricole, and the tech

“A lot of companies are immediately excited about executives from those [tech] companies, but...it’s the executives who really understand the consumer and the retail landscape that are attractive...That’s the sweet spot.”

– Stuart Leibach, McDermott & Bull

forum VivaTechnology, co-organized by LVMH-owned media group Groupe Les Echos and advertising and public relations agency Publicis. The fledgling event, said Maurice Lévy, ceo of Publicis, has the ambition to become the “digital equivalent of the Cannes Film Festival.”

Across the channel, Natalie Massenet, Net-a-porter founder and chairman of the British Fashion Council, in March revealed

she was partnering with Nick Brown, a partner at venture capital firm 14W, to launch venture firm Imaginary Ventures. Russian entrepreneur and Buro 24/7 founder Miroslava Duma, meanwhile, in May launched Fashion Tech Labs, a venture capital fund and accelerator targeting new technologies and sustainable innovations geared to the fashion industry.

Given heightened interest in start-up

practices and culture, tech talents are now highly sought after.

“The demand is high and the compensations are going up,” said Stuart Leibach, a principal consultant and head of the retail practice at Irvine, Calif., executive search firm McDermott & Bull. “This is why search firms get involved because it’s a smaller pool to draw from....A lot of companies are immediately excited about executives from those [tech] companies, but having said that, it’s the executives who really understand the consumer and the retail landscape that are attractive – to be able to put together both the technology and the retail knowledge. That’s the sweet spot. Those are the people who are most valuable and that’s what the industry demands right now.”

Snaring top talents from the tech world comes with its challenges, Busquets added. “The problem is that the smartest founders

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ees have that entrepreneurial spirit and are applying it inside of LVMH.” – K.F.

TARGET TAKEOFF

It’s go time for Target with the launch of its first-in-house accelerator program in May called Target Takeoff.

The program, billed by the retailer as a mini boot camp for entrepreneurs, shows founders the ins and outs of the retail business during the course of a week at company headquarters. The inaugural class focused on sustainable products and community-minded companies. That group included modest ac-

tivewear brand Asiya, natural deodorant maker PiperWai, beauty brand True Moringa and seafood company Salty Girl Seafood.

The launch of Target Takeoff followed Target’s partnership with Techstars last year for the Target + Techstars accelerator.

The retailer is thinking and moving at an accelerated pace with initiatives such as these, according to spokesperson Justin Barber, noting that the company took about a year to develop its children’s line Cat & Jack, while it’s already launched four new brands so far this year. – KARI HAMANAKA

SEPHORA ACCELERATE

Sephora’s always prided itself on being close to the start-up community, so starting an accelerator didn’t seem like much of a stretch.

“One of the unique pieces of our history, especially here in the Americas, has been our work with entrepreneurs over the years from our beginning really,” said Corrie Conrad, senior director and head of social impact and sustainability at Sephora.

Sephora Accelerate, which is part of the company’s broader social impact efforts under Sephora Stands, serves as a weeklong boot camp

where a group of founders come to San Francisco for mentoring, networking and potentially funding following the conclusion of the program’s demo day. Last year’s cohort hosted eight entrepreneurs with this year’s class totaling 10. The plan is to host one boot camp annually with the five-year goal of helping 50 founders.

“It’s not just about a feeder program for Sephora. We love it when that can happen, but this is more about addressing an inequality we saw,” Conrad said of the program’s impetus, referencing a desire on the part of

the retailer to help boost the number of female entrepreneurs in the industry. – K.H.

GAP INC. CUSTOMER AND STRATEGY TEAM

Any possible point where the customer might cringe? That’s what Gap Inc. hoped to eliminate with the creation of its Customer and Strategy Team last year, said Sebastian DiGrande, executive vice president of strategy and chief customer officer.

The formation of the group, which pooled existing activities such as data and analytics and e-commerce operations under one umbrella, was aimed at

fostering a more innovative culture across the company’s brands in a bid to elevate the experience for customers.

“You can call it personalization, but it is really across all touchpoints,” DiGrande said of one of the team’s overarching objectives. “Rather than transactionally touching [customers] once or having them buy a product from us once and then the next time they visit, it feels like the first time again, what is everything we can do to make them feel special?”

The group runs off a

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and teams don't want to live under the comfort of a big corporation. They want to stay independent, so it's very difficult to acquire the good ones without paying a huge premium."

Consider LVMH's Rogers, whose main vocation before joining Apple was in start-ups – "I created seven, I sold one to AOL, one to Yahoo and one to Apple." He said "the only way I ever worked at a big company [was] through an acquisition."

Launchmetrics ceo Michael Jais, who is part of a group of investors looking to establish a fashion-tech hub in Cannes in partnership with the city's officials, said he's dubious that "in the long-term" luxury groups experimenting with start-up style initiatives will be able to have "a big flow of internal entrepreneurs." He agreed that "there is a limit to trying to disrupt teams by just bringing in external gurus or experts." Internal start-up style initiatives, for Jais, are "a way of saying that maybe, especially in fashion or luxury, instead of recruiting guys who come with their Google or Facebook culture who will not be totally aligned with the brand, that we try to disrupt from the inside."

That disruption from within has helped fuel swift adoption of incubators such as Wal-Mart Stores Inc.'s Store No. 8 unveiled earlier this year and accelerators, ranging from Sephora Accelerate to Target's partnership with Techstars and the launch this year of its own retail accelerator called Target Takeoff. The latter was a bid by the discounter to mine for companies focused on what Target spokesperson Justin Barber described as "better-for-you products and services."

"We learn a ton from [the accelerators]," Barber added. "You learn how to work more nimbly. You learn how to run an accelerator, how do you engage start-ups in new ways and how you build programs faster."

Target has set the goal of launching more than a dozen new brands over the next 18 months, representing a more accelerated development and rollout timeline versus how the retailer has worked historically, according to Barber. So while last year's launch of the children's line Cat & Jack took about a year to develop, 2017 has already seen three new apparel lines and one home brand for Target.

LVMH-owned Sephora Accelerate so far has shuttled 18 founders through its program.

Entrepreneurs are invited to San Francisco for a weeklong boot camp that provides opportunities for networking, mentorship and access to capital. The benefit to the Sephora organization is multifold, said Corrie Conrad, the beauty retailer's senior director and head of social impact

"Fashion companies don't think like Silicon Valley companies where they're about giving people ownership in what they do...One of the biggest differences [between tech and fashion] is that higher purpose."

– Shawn Gold, TechStyle

and sustainability. Entrepreneurs accelerate their businesses' growth, the initiative can be a feeder program for Sephora and employees within the organization are motivated to be working for a company that exists with a purpose beyond revenue growth. The idea is not necessarily new for Sephora, Conrad pointed out, but it's certainly gaining traction across industries.

"Here at Sephora, perhaps before entrepreneurship became the catchy thing that it is today, it was active and it worked," Conrad said. "So for as long as we've been creating new goops on our skin to play with, there have been entrepreneurs who have been doing this. For beauty, there's just long been a culture of innovation and we at Sephora have been about finding the hottest new things. It's a key piece of who we are...There is a general zeitgeist around entrepreneurship right now. I would offer that's long been the case in beauty."

Other, more traditional players have caught on by retooling how they look at themselves. Westfield is a good example, with the mall operator fancying itself a "PropTech" firm – thus adopting the start-up jargon of tacking "tech" onto a prefix to signify its fusion with technology.

Westfield Labs, founded in 2012, changed its name earlier this year to Westfield Retail Solutions, indicating its desire to be a solution provider – another borrowed label from the world of tech whereby it offers innovative solutions to the companies it works with throughout its centers. The point? Stepping up its service offerings.

"What's really changing, and this is an evolution for us, is that the relationship that we've had primarily in the past has always been a tenant-landlord relationship for us," Westfield chief operating officer Bill Hecht told WWD earlier this year. "What we think has really substantially changed is that it is much more of a partnership that's really creating brand-right properties in the physical and the digital [world], whether it be a car manufacturer, apparel manufacturer, technology or in food."

Challenges certainly abound, particularly when applying concepts that make sense for small start-up teams but not necessarily the armies of people who make up more mature organizations where hierarchies exist.

Gap Inc. last year acquired San Francisco start-up Weddington Way, pulling the

e-commerce company for bridal parties into its fold.

"We acquired Weddington Way because they bring a really exciting start-up culture and innovative spirit with them," said Gap Inc.'s DiGrande, who joined the firm last year from Boston Consulting Group to head up its now year-old Customer and Strategy Team focused on driving a culture of innovation. "It's a small, scrappy team that has built a digital-first community commerce experience. We wanted to learn how they built that and to think about how we could extend some of that capability across the enterprise into some of the other brands."

Weddington Way is now in nine Banana Republic stores in the U.S., where it offers shoppers a showroom experience. The result is greater conversion for Weddington Way and new customers for Banana Republic. The first test of the showroom concept wasn't perfect but that's how it should be, DiGrande pointed out. He stressed a new focus on testing and learning – quickly. Gap Inc. has since rolled out native apps for its core brands in a matter of months and continues to iterate on that technology. It's also quietly testing a babyGap outfit box subscription service.

"It's a great learning environment," DiGrande said. "Our customers are responding very well. Is it perfect? No. But, again, we're learning and adapting quickly as opposed to waiting for the perfect solution before we release it."

Part of the key is a level of communication that the old ways of doing things don't always allow.

Australia-based Cotton On Group, with U.S. headquarters recently relocated to Glendale, Calif., has more than 22,000 employees globally. The multibrand retailer earlier this year launched its You Learning platform in Australia and in July rolled it out to U.S. employees.

"As a global retail business and one that employs a mostly Millennial base population, it's really important to us as we continue to grow to continue to find ways to keep people connected to who we are," said Haylee Newton, Cotton On Group head of people and performance, USA.

The platform contains more than 1,000 pieces of content aimed at employee development.

"Something that we're hugely passionate about is how to cultivate that owner's mentality," Newton said. "It's really important to keep an emotional connection and to create personal investment."

Transparency helps. At El Segundo, Calif.-based TechStyle Fashion Group – parent of Fabletics, JustFab, Shoedazzle and FabKids – Tuesday team meetings are open to anyone across the company's offices and during that time anyone can ask a question and key performance metrics are shared.

"Fashion companies don't think like Silicon Valley companies where they're about giving people ownership in what they do and really thinking about how they're connected to their company and their coworkers. One of the biggest differences [between tech and fashion] is that higher purpose," said Shawn Gold, corporate marketing officer at TechStyle and former Myspace chief marketing officer. "Every tech company has that higher purpose of how they're looking to disrupt an industry or have some kind of game-changing technology or experience."

That's been the jumping off point across TechStyle's brands: positioning each business' mission statement around how they intend to solve customer pain points.

"We're probably a ways away from being Google, but our employees truly believe we're one of the most innovative fashion companies, so that's been great for recruiting people," Gold said. "They think they're joining the future rather than the past."

Looking to involve potential future business leaders into its decision-making process, Kering in 2018 plans to launch its Young Leaders Advisory Group. "It's too early to share details, but we believe that, if we want to raise awareness all over the world and understand the issues facing the Millennial generation, it's clear that we have to have Millennials with us," Daveu said.

How that cohort and the up-and-coming Generation Z works is different. Employers who have realized this are catching on and it's dramatically changing the workplace and what fundamentally makes a company tick.

"You have this new workforce that, in some sense, there is more entitlement than there's ever been before. But there's also a level of productivity in human beings that we've never seen before," Gold said. "So you have to service this new kind of worker. Then you have these highly profitable tech companies that are looking to reengineer the way business is done because they have the resources to do it. The cat is out of the bag in that people know how Google treats their people and so there's a new standard of how companies should treat their people. Many companies are falling in line because there's this new generation of worker that expects to be treated this way."

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"test and learn" mentality, common in the start-up tech world, but not so much in traditional fashion and retail. It entails rolling out programs – such as native apps for Gap Inc. brands or piloting a babyGap outfit subscription box – to figure out what sticks and what doesn't and then either iterate or move on quickly.

"There are a lot of things we have going on in the spirit of test and learn," DiGrande said. "The whole point is building this testing capability and infrastructure behind it and we are now able to run dozens of

simultaneous tests across the company in different parts of the business that are helping us accelerate progress like we have never seen before." – K.H.

TECHSTYLE FASHION GROUP INNOVATION SPEAKER SERIES

Challenge traditional ways of thinking and change can happen. That's driving the Innovation Speaker Series at TechStyle Fashion Group.

The most recent iteration of its series for employees brought together Google and the Clinton Foundation to spotlight female leaders during an event at TechStyle's El Segun-

do, Calif., headquarters.

"We're a young company and we really are putting a lot of effort into trying to create a happy workforce and as inspired a workforce as possible," said TechStyle corporate marketing officer Shawn Gold. "It is a new way of thinking that's not that innovative in the tech world, but in the traditional business world it seems excessive on the surface. It's actually extremely fiscally responsible when it comes to productivity and longevity."

The speaker series is paired with a number of other initiatives that have helped create a culture TechStyle said is fostering ownership in

the company and creating a corporate brand around innovation. Those other initiatives include RISE sessions where executives within the organization provide mentorship and talks about their respective roles at the company along with Tuesday meetings for all staff to talk about key performance indicators and general business updates. There's also a sprawling headquarters campus in El Segundo that includes a subsidized restaurant, bar, gym, yoga classes and quarterly company-wide parties. – K.H.

WAL-MART'S STORE NO. 8
Wal-Mart Stores Inc.

didn't just pay lip service to thinking like a start-up when it unveiled its incubator program Store No. 8 in March. The retailer has moved very quickly since.

The following month, the program – named after the store Wal-Mart founder Sam Walton used as a testing base – tapped Rent the Runway cofounder Jenny Fleiss to join as cofounder and ceo of Store No. 8's first portfolio company, called Code Eight. The start-up, disclosed in May and still in stealth, aims to up the ante on personalized shopping using artificial intelligence

and machine learning.

Store No. 8 in July teamed with Arianna Huffington's Thrive Global for a virtual reality competition called Innov8: V-Commerce. Judges included Huffington, Wal-Mart e-commerce U.S. president and ceo Marc Lore and Forerunner Ventures founder and managing partner Kirsten Green. The winning group, which will receive funding and mentoring, was revealed earlier this month and included 8i, Fyusion, Obsess, Nurulize and Specular Theory. Their technologies will be on display at the Innov8 Gala in Los Angeles Oct. 18. – K.H.