

WEATHERING the STORM

Despite a radical and ambitious turnaround and the global recession, Helly Hansen has emerged from the storm stronger and more profitable than ever, with the company boasting one of the fastest growth rates in the industry.

Images courtesy of Helly Hansen

From a struggling loss-making company to a rapidly growing, profitable organisation, Helly Hansen has revamped and revitalised its brand, products, and processes to ensure its long-term success. As a leading producer of textiles and gear for sports and work on the ocean and in the mountains, Helly Hansen is working with outdoor professionals, clients, and suppliers to create innovative products for the outdoors.

Peter Sjølander, CEO of Helly Hansen, recently spoke to *The CEO Magazine* about the company's transformation, its impressive initiatives, and its ambitious outlook for future growth.

***The CEO Magazine:* Can you give our readers an overview of your professional background leading up to and including your current position?**

Peter: My formal education is two-pronged. I have a degree in science and civil engineering, and a Masters in Business Administration. I started my career in fast-moving consumer goods. After that, I spent

a few years working for Intersport International. I joined Nike in the early 90s and then spent almost 15 years with them.

During my time at Nike, I upheld a variety of roles in brand management, product management, and general management. I mainly worked out of Nike's European headquarters in Hilversum, the Netherlands, or the global headquarters in Beaverton, Oregon, USA. Amongst other roles, I was the European head of footwear, the global head of ACC, and the regional director of CEMEA and Northern Europe.

In early 2005, I joined Electrolux in Stockholm, Sweden, as the SVP Brand. After about a year, I was also given the global responsibility for product. In early 2007, I was offered the role as CEO for Helly Hansen and I joined HH in September 2007.

What was it that attracted you to the opportunity at HH?

From a personal standpoint, if you look at my career I've worked for a number of very successful companies and I've had a terrific

time. I did rather well, which typically means you get healthy bonuses and or stock options, but as you get older you realise that if you happen to do really well you never really get your full share of the growth you help create and the most obvious way you can get that full share is to own equity.

I think I'd started to think a bit along those lines and then I got the phone call from one of the majority owners of HH and it sort of rang with my own thinking that this was a chance to invest in a company and directly share more of the up- or down-sides.

Throughout your time with the company, what changes or challenges have you witnessed?

When I joined HH, the company had lost money for almost 10 years and, as you can imagine, the company was in a very bad state. The early years of my career at HH was almost a textbook turnaround situation. We changed pretty much everything: brand platform, people, product, processes, and the organisational structure. >

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- Peter Sjølander



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By 2010, you could honestly describe HH as a new company. Turning a company around is always a challenge, but to do it in the midst of a financial crisis makes it even more interesting. Money was in short supply and our customers were not faring very well. Despite this, we cranked out increasingly higher sales and EBITDA numbers.

As CEO, what programs or initiatives have you implemented to ensure further growth and success?

We moved our headquarters from the town of Moss to Oslo. The primary reason was to secure access to talent. Luckily this has proven to be a very good move. Today we have people representing almost 20 nationalities working out of our headquarters in Oslo and we find it much easier to recruit the talent we need to continue our global expansion.

We have also centralised our distribution. Today we operate two large distribution facilities: one in Europe and one in North America. This allows for a much more efficient matching of demand and supply. Having, in a relatively short period of time, turned the company from a shrinking top-line, loss-making situation, to a fast-growing profitable operation meant changing pretty much everything.

Our product line construction was already rebuilt in 2008. We have new forecasting and operations processes and we launched a complete new take on how we create product. Today, product creation is monitored by what we call the product merchandising board, which is a rather regimented stepwise checkpoint process that ensures complete alignment between product, brand, sales regions, operations, and finance.

We also changed the organisational set-up from a line organisation to a functionally orientated matrix organisation. We are far, far more centralised today than we were some six years ago. At the very centre of the company we, since about a year ago, have an organisation we refer to as Business Operations. This group controls all the various flows, commitments, and large customer deals we enter.

Our business is immensely complicated with fabric vendors and production in many far-eastern countries, long lead times, and many regions and customers. In order to balance the many factors, we need a central brain to ensure that we maximise the output. Chaos is always around the corner >

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as our flows are many and complicated. During my time we have also hired a large number of very talented people, and despite our 137-year-long history we are a very young company. Most people that work for HH have joined in the last five years.

In your role as CEO, how do you ensure alignment across the many markets and countries that Helly Hansen operates within?

We primarily do this through the senior leadership team and the business operations team. All of our functions report centrally so whether you work in brand management, finance, or product your reporting lines reflect this. This centrally coordinated view helps us to act as one, regardless of where in the world we conduct our business.

Basically, the leadership team set the strategic agenda and the strategic priorities, and the business operations team is then responsible for making sure that we operate according to that agenda. Local functional teams constantly interacting with our headquarters ensures the right balance between centralised and local needs. It is not only about aligning within a function, but aligning between them, hence the matrix organisation and the many processes that tie people and organisations together.

Everyone that works for HH is heavily involved with execution. Our business is so fast-moving that we cannot afford a view from a very large distance. Unless you are on top of the game you will inevitably make the wrong

decisions. With four seasons per year we are truly 'reborn' four times every year. Brand is a constant, but everything else needs to evolve. Our go-to market strategies need to be extremely well coordinated as otherwise we won't maximise the throughput. Internally, we refer to that as 'aligning the pipes'.

What would you say are the key values that drive the business and create cohesion among staff?

Since 2008 we have subscribed to a simple ethos: Be Good, Be Nice. 'Be Good' refers to being good at what you do and 'Be Nice' refers to being nice to others. Although derived from traditional Scandinavian values, we believe these values resonate globally.

We want to build a company completely devoid of internal politics and one with a flat structure where raw talent, a team-orientated mindset, and hard work are the only reasons for

"Making performance fabrics is a complex and skilled process, especially when it includes natural fibres like merino. Working with Helly Hansen has made the process a lot easier—they are passionate about achieving perfection and offering customers a unique product."
- Malcolm Walkinshaw, CEO, Designer Textiles International



growing multinational outdoor companies in the world.

We are obviously both proud and happy about what we have, and are, accomplishing, but we are very aware of the fact that success is something borrowed and unless we continue to evolve and hone our skills, someone will take it away from us. The competition is extremely hard and since we don't enjoy the luxury of a large home market we arguably have to be better than most of our competitors. We will continue to look for the best people that believe in the same values that we do. In parallel, we need to find ways to improve as a team.

In the end, we will be judged by the functionality, quality, and design of our products so whatever we do the net end result simply has to be just that: great-looking, functional products.

How will you measure your success when you look back on your time leading Helly Hansen?

I took over a great brand but a very distressed company and I think we've at least brought it to a point where it's one of the fastest growers in the industry. This year we hope to grow 20 per cent. The industry is expected to grow a couple of percentage points so by definition, looking at the more multinational companies in our industry, we are one of the fastest growers. In a way, that's only improving the company.

Ultimately, I would like Helly Hansen to become the significant global player it really should have become many years ago. It is such a rich brand and company. With a 137-year-long history we sit on an enormous amount of experiences and learnings, most of which are globally relevant. I also believe a lot of people around the world actually share our values.

It would be nice to one day look back at my legacy here and say not only did we turn it from a loss-making business to a very profitable business, but we also created a platform for long-term success. ●

people moving up in the organisation. We also believe these values play really well with our brand's DNA. We were 'born by the sea and raised by the mountains'. The great outdoors is a fantastic, but unforgiving, teacher of good values. If you approach Mother Nature with an arrogant attitude, she will very quickly punish you. Approach her with a curious and humble mind and you will be rewarded.

How does the organisation collaborate with internal and external partners to drive innovation and continuous product development?

Internally, we have an innovations process that taps the brains of many departments. It is a funnel-like process where ideas are evaluated against brand values, the potential return on investment, and resources needed. When we have made our choices we put cross-functional teams against the opportunity and track the project through the leadership team.

As a brand and a business we cover a lot of ground and as a result we are faced with many

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problems to solve. Whether it's a patroller working 200 days in the mountains, a professional Volvo Ocean Race sailor, or a construction worker facing the elements every day he goes to work, we have a near infinite stream of feedback and requests. This is quite naturally an enormous source of inspiration for our product people.

On the external side of things, we have very longstanding fabric and production partners who actively participate in our product-development process. We also work with more than 70 ski resorts around the world and various outdoor professionals. They are often directly involved with our product development. In parallel to this, we work with a few universities around the world.

What does the future hold for Helly Hansen?

When we close this financial year we will have more than doubled our revenues over the last five to six years, and we now operate in more than 40 countries around the world. We have gone from a turnaround business to being one of the fastest

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