COMMERCE

Hugo Boss CEO exits following company's profit warning

February 25, 2016

Hugo Boss spring/summer 2016 collection

By STAFF REPORTS

Hugo Boss' CEO is stepping down, ending his eight-year tenure amid the German fashion label's dimmed profit outlook.

On Feb. 25, Hugo Boss announced that Claus-Dietrich Lahrs will leave his position on Feb. 29, the result of a "mutual agreement" between the executive and the company's managing board. Hugo Boss has not named a successor, but the supervisory board of the company is working "without delay" to fill the position.

Moving on

On Feb. 23, Hugo Boss issued a profit warning based on low sales in China and the United States, which caused the public company's share price to drop drastically.

Hugo Boss is making investments in its growth, including changing its pricing structure in China so that it more closely resembles that of the U.S. and Europe. It is also scaling back wholesale distribution of Boss in the U.S. to avoid a market that is rife with discounting.

During Mr. Lahrs' time as CEO, he helped to aggressively grow the label, opening about 100 stores per year and establishing a women's wear line. According to Reuters, sales rose by two-thirds under his leadership.

Supervisory board chairman Michel Perraudin thanked Mr. Lahrs in a statement, saying, "Claus-Dietrich Lahrs has put his stamp on the development of Hugo Boss during the past years. For the brand he has paved the way for an international future and he has positioned the company well in the market.

Hugo Boss store on Fifth Avenue in New York

"Major strategic decisions for the development of the own retail business and for the development towards a leading fashion company in the premium market fall into his term of office," he added.

Hugo Boss also announced that Brend Hake, current senior vice president of EMEA, Middle East and India, will become a member of the company's managing board overseeing sales and retail beginning March 1.

Other brands have staged comebacks after profit warnings by retuning their strategy and playing to their strengths.

British leather goods maker Mulberry's return to a lower pricing strategy helped its recent sales rise.

Mulberry had tried to push upmarket and achieve more exclusivity, but saw a lowered demand. Following losses in the first half of the year ending Sept. 30, 2014 in which the brand issued three profit warnings, sales of more moderately priced items within the nine weeks ending Nov. 29, 2014 helped Mulberry's total sales rise 8 percent (see story).

In the brand's most recent half yearly report covering the period up to Sept. 30, 2015, profits were up.