

EDUCATION

Eyeing incipient need, Luxury Institute founder launches Retail Performance Academy

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Step in the right direction

By MICKEY ALAM KHAN

Milton Pedraza, CEO of the Luxury Institute and a luxury marketing expert who has helped brands such as Gucci, Bottega Veneta, Intermix and Porsche, has set his sights on one of the most challenging aspects of retail: qualified talent.

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As founder of the newly launched Retail Performance Academy, Mr. Pedraza aims to introduce high-caliber training, coaching and networking to select students who will then graduate onto retail jobs in luxury and other sectors within the \$5 trillion retail business in the United States. The non-accredited Elite Retail Program will run 10 weeks, three nights a week, followed by nine months of coaching and mentoring.

"There is a crisis today in retail," New York-based Mr. Pedraza said. "Simply put, there are many high-paying, front-line jobs in retail and a lack of qualified candidates.

"Many retail executives that I meet lament privately that the retail industry fails to select and educate most of the people they recruit," he said.

"Meanwhile, the industry bleeds associates, and clients, who are dissatisfied with the experience, even at top-tier luxury brands."

In this Q&A, Mr. Pedraza discusses the state of retail and why it cannot hold on to its talent, especially sales-level staff, how the **Retail Performance Academy** meets a need, the process of recruiting and placing students and the role of bricks-and-mortar stores in an era where shopping and buying are increasing migrating to online and mobile. Please read on.

In an age of growing digital sales, including ecommerce and mobile, why come up with the idea of the Retail Performance Academy?

It's a question of quality over quantity.

Digital will continue to grow, and there may be less stores, and less sales associates, relatively speaking.

However, according to the 2016 World Economic Forum report on "The Future of Jobs," specialized sales representatives will always be in high demand, second only to data analysts.

Think of what Apple would be without its front-line associates.

Retail Performance Academy is an innovative training alternative to college, and/or supplementary to college. It is modeled after a post-graduate invitation-only program I have been attending at Stanford Business School on Scaling Up Excellence.

There are three secrets to the success of Stanford and other great educational institutions such as Harvard.

First, selecting the best people.

Second, having the best teachers, educational content and standards.

Third, maintaining a network that helps the alumni thrive, especially after they graduate.

Similarly, Retail Performance Academy will select applicants with great people skills through a rigorous interview process similar to the Ritz-Carlton and Apple.

We expect to accept only 10-20 percent of applicants.

Once accepted, students will master client relationship building expertise through deliberate practice and coaching methods pioneered and proven with top-tier brands.

Then, we will use best efforts to fast-track these students into our network of top-tier retail brands.

After students are certified and go to work at a top-tier brand, they will continue to receive coaching and mentoring from advisors for nine additional months to help them be effective on the job.

There will be an extensive alumni and retail executive network that will scale and thrive over time.



The famed Rodeo Drive in Los Angeles' Beverly Hills area

Retail's in quite a dodgy shape right now, over-stored, weakening customer and employee loyalty and the threat of Amazon. Is customer-ready talent key to bringing back some of the shine?

Yes, retail is undergoing a fantastic revolution.

A tremendous amount of creative destruction and innovation is required.

Brands are going to have to differentiate dramatically, or die.

Technology will be part of the solution, but great technology is usually a commodity, and rarely a differentiator.

The algorithmic approach to personalization will only go so far with human beings.

One small, but telling, piece of evidence for the need for human expertise and emotional connection is the fact that the use of top-tier travel agents by millennials is up 50 percent in the past year.

In many industries, the synthesis of technology with high performers is the winning formula.

I don't know one retail executive who doesn't state that the performance of front-line people is in the top three of the critical success factors.

The relationship skills provided by Retail Performance Academy will prove to be one of key innovations that will be

required to overcome the challenges of retail.

Which class of retailers are you specifically targeting with the academy?

We are targeting online and omnichannel specialty, premium, and luxury retailers in dozens of categories.

These are the classic high-value categories such as apparel and accessory, jewelry, watches, technology, automotive, appliances and furniture.

Department stores are also going to a concession model, and many people believe that the boutique retailer is coming back with a vengeance.

All of those retailers are starving for associates who can build a portfolio of loyal clients.

Only a few retailers are skilled at selecting and training, and even they can't keep up with the demand for top people.



New York's Fifth Avenue near Rockefeller Center and Saks

How will you source students?

We believe there are several sources of students.

First are the high school graduates with good grades, who may not want to attend, or be able to afford, college.

Then there are people who don't graduate, who account for 45 percent of all people who enter college.

Then there are the 44 percent of college graduates who are underemployed think about baristas, valets, et cetera: honorable, yet, low-paying jobs.

There are also career changers such as the millions of mothers re-entering the work force, or people who retired early, and want to get back to work.

Many people currently working in retail may have the people skills, yet, are not getting the training, practice, coaching and important network access they need to reach their true earning potential.

Finally, there are thousands of small high-end retail business owners. Many of those people have great people skills and can develop a career as an elite retail performer.

As [*Fortune* magazine writer] Geoff Colvin states in his book, "Humans are Underrated," "Being a great performer is becoming less about what we know, and more about what we are like. The most valuable people are increasingly relationship workers."



Eyes on the prize

In terms of the faculty, are you turning to experienced retail executives or is it you and your team?

I will personally train the initial classes along with top-tier retail experts. Then I will focus on scaling the business with excellence.

We currently have a waiting list of top retail executives at all levels who would love to teach, mentor and coach our students using our proprietary methods.

We intend to scale slowly.

As my Stanford Professor, Dr. Huggy Rao, likes to say, "Sometimes you have to scale slowly to scale with excellence."



Milton Pedraza is CEO of the Retail Performance Academy and the Luxury Institute

So what kind of training with these students receive that will make them store-ready upon graduation?

We teach students to be the entrepreneurs of their lives.

Initially, students will receive training on determining their life purpose and true values.

Then, they will have extensive field projects and presentations, and rigorous team exercises using deliberate practice, particularly on building extraordinary client experiences and mastering emotional intelligence skills. They will continuously practice communication skills. They will learn to self-assess, confront the reality of their behaviors, and how those behaviors measurably affect high performance.

Finally, they will have exposure to retail experts and top executives who will mentor and coach them on the opportunities of a high performance retail career.

What will the curriculum look like?

The curriculum is based on training and development science gathered from the military, top-tier hospital operating rooms, top-gun pilot training, cognitive psychology and our expertise in achieving documented results with luxury brands.

The methods are designed to minimize errors and optimize results.

The program content is confidential, but let me give you some concrete examples.

Most retail associates receive ineffective robotic training, and they will never be allowed to be creative and participate in designing a retail-training program.

Retail Performance Academy students, working in teams under the guidance of expert instructors, will create a comprehensive retail-training program. They will rigorously practice training other teams, and receive instant feedback. This achieves a high level of mastery.

As another example, the students will learn the skills of measuring and assessing their own behaviors daily. They will become self-coaching entrepreneurs within the brand.

We know of no entity, even the Ivy League, that includes such a hands-on, rigorous level of practice.



Milton Pedraza at Stanford University

How will you win accreditation from retailers for your organization?

We are not seeking accreditation, nor do we expect students to be funded by government loans.

The Retail Performance Academy program's reputation will be based on how well we select, train and help place our students at top-tier brands.

As with Luxury Institute, our performance will be judged by documented results over time.

After speaking with more than 50 top retail executives, all have expressed interest in fast-tracking our students through the interview process.

Over time, as our graduates achieve great results, our reputation will grow and that will be more credible than any accreditation can ever offer.

It's surprising that various trade associations haven't allied with universities to produce retail sales talent for the retail business. Why do you think that's the case?

The importance of properly selecting and training front-line professionals has not been fully leveraged.

No educational institution currently offers world-class training in front-line selling skills.

A few certificate programs exist that have online modules and/or classroom lectures.

We believe that high-performance relationship building can only be learned through rigorous, live deliberate practice.

There is a crisis today in retail.

Simply put, there are many high-paying, front-line jobs in retail and a lack of qualified candidates.

Many retail executives that I meet lament privately that the retail industry fails to select and educate most of the people they recruit.

Meanwhile, the industry bleeds associates, and clients, who are dissatisfied with the experience, even at top-tier luxury brands.

Retail Performance Academy is an innovative solution to the crisis.



Good service sparkles

How much are you charging students for the course?

The fee is \$9,500 for a one-year program that includes 10 weeks, three nights per week, plus nine additional months

of coaching and mentoring.

We expect that most of those accepted will work while attending our program.

Over time, we will provide full, or partial scholarships, at our discretion, to applicants who demonstrate a need.

Placement services are you offering that as well as any apprenticeship?

Using our vast retail network, we will provide a best efforts service of fast-tracking the resumes of our students into top-tier brands.

Having the 14-year proven track record and network of Luxury Institute is helpful in gaining initial credibility and achieving interviews for our students.

The Retail Performance Academy is a step in the education direction, away from your consultancy leitmotif. How are you going to juggle the two?

Retail Performance Academy is simply another way to serve brands, although with a wide scope, beyond luxury brands.

Luxury Institute will always remain a boutique research and high-performance consultancy specialized in luxury.

Retail Performance Academy is geared to be a larger, yet selective, training program that serves, first and foremost, student careers and lives. The students, in turn, will serve the top-tier brands and their clients.

Retail's known for its high rate of talent churn. Will this training help stem that?

Yes, we believe the future of front-line retail will be revolutionized.

Front-line associates will be selected for great people skills, much the same as coders today are selected for their great technical skills.

There will be educational specialization in high-performance relationship building skills based on expertise in emotional intelligence.

While most people think emotional intelligence is innate, the research shows it can be taught to anyone.

Those born with an innate talent for emotional intelligence will do far better at client relationship building if they apply that talent.

Retail Performance Academy will deliver Ivy League quality selection, training and networking to our qualified applicants.



Setting store by a bright future

What goal have you set for your first year of operation?

Our research shows there is a tremendous need in the marketplace.

We expect to see a large number of applicants in our first year.

However, to ensure we maintain our high standards and credibility, we will be extremely selective.

As Professor Rao of Stanford always recommends in scaling up excellence, Retail Performance Academy will always "do the right thing, even when no one else is looking."

<https://youtu.be/igfOHRlhrec>

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