Future of Talent Diagnostics

Scott Schroeder – Director Talent Acquisition
Luxottica Retail ANZ

July 2014
AGENDA

› Luxottica overview

› Talent Acquisition – a burning platform for Sunglass Hut

› Moving from a Burning Platform to a Burning Ambition

› Overview of the program

› Why we chose cut-e?

› Questions
WHO ARE WE?

Retail

- OPSM
- Laubman & Pank
- LensCrafters
- Pearle Vision
- Target Optical

Wholesale

- Ray-Ban
- Oakley
- Vogue Eyewear
- Oliver Peoples
- Persol
- Arnette
- Polo Ralph Lauren
- Prada
- Dolce & Gabbana
- Burberry
- Tiffany & Co.
- BVLGARI
- Versace
- Ralph Lauren
- Coach
7,051 stores
(of which 579 franchised)

<table>
<thead>
<tr>
<th>No. Employees by business area</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>46,966</td>
</tr>
<tr>
<td>Wholesale</td>
<td>7,835</td>
</tr>
<tr>
<td>Operations</td>
<td>18,215</td>
</tr>
<tr>
<td>Corporate</td>
<td>339</td>
</tr>
<tr>
<td>Total</td>
<td>73,415</td>
</tr>
</tbody>
</table>
GLOBAL – WHOLESALEx

WHOLESALEx

Nearly 50 countries

Europe
- Italy
- Belgium
- Finland
- Germany
- Hungary
- Norway
- Portugal
- Spain
- Switzerland
- Turkey

Europe
- Austria
- Croatia
- France
- Greece
- Ireland
- Poland
- Russian Federation
- Sweden
- The Netherlands
- United Kingdom

Americas
- United States
- Brazil
- Mexico

Americas
- Argentina
- Canada

Asia-Pacific
- Australia
- India
- Singapore
- Taiwan

Asia-Pacific
- China
- Japan
- South Korea
- Thailand

Middle East and Africa
- Israel
- South Africa

MORE THAN 130 COUNTRIES

DIRECT WHOLESALEx SUBSIDIARIES
GLOBAL RESULTS

Net sales
€7,313MN  +3.2% VS 2012
2013 Retail net sale
€4,321MN  +0.2% VS 2012
Wholesale
€2,991MN  +7.9% VS 2012

NET SALES (millions of Euro)

2009  5,094
2010  5,798
2011  6,222
2012  7,086
2013  7,313
**LUXOTTICA CULTURE**

**IMAGINATIVE**

We continuously look ahead and think of new ways to serve and inspire our customers and each other.

Innovation, quality and creativity are the foundation of our success and the way we work.

**PASSIONATE**

We love what we do and we care about our people. We do believe our work makes a difference to everyone’s lives wherever they are.

That’s what inspires us to constantly improve ourselves and our work, by engaging the hearts and minds of others.

**ENTREPRENEURIAL**

We are pioneers of change.

We see opportunities that others don’t and understand the value of taking risks so that we continue to be the innovators of our industry.

**SIMPLE AND FAST**

We see the essence and focus on priorities that matter most.

We strive for simplicity and value being straightforward, uncomplicated and accessible so that we can quickly drive change to deliver results and quality.
Globally 5,000 employees volunteer their time – domestically & internationally.

- 75 projects
- 240,000 people helped in the world, changing their lives
- 10 countries across six continents
LUXOTTICA - Australia & New Zealand

2013 Results

- Revenue: $698m
- L4L Growth: 9%
- Profit: 17%

Employee Count:
- OPSM: 401
- sunglass hut: 350
- Laubman & Pank: 48
- Oakley: 30
- Total: 829

5,000 Employees
My Burning Platform
350 Retail Stores

1,800 employees

70% Casual

700+ New Hires p/year

75,000+ Applications

Time to Fill 30+ days

Turnover

55% Casual

30% Store Manager

SUNGLASS HUT - CONTEXT
350 Retail Stores

1 Seriously Frustrated Recruiter

700+ New Hires/year

75,000+ Applications

Time to Fill 30+ days

70% Casual

55% Casual

30% Store Manager

70% Casual

Seriously Frustrated Recruiter
FOUNDATION RECRUITMENT PROCESS

100+ candidate applications per vacancy

ACE Filtering Questions;
1. Which retail sector do you have experience in?
2. How many years customer service experience do you have?

Screen through 10-20 resumes and when we have 3-4 good ones, we send them to the Hiring Manager.

Reject / decline the other 70-80 applicants

Gee - hope we got it right..!
THE BIG BANG – BURNING PLATFORM
THE BIG BANG – BURNING PLATFORM
CURRENT RECRUITMENT PROCESS

Application via Job Board / Careers Portal – Taleo

Taleo Pre-screening Questions x 3 – ACE filtering

Recruiter - Resume screens – by ACE filtering

Recruitment Drive program for all positions

Deliver a SGH candidate experience

100 candidate applications per vacancy

ACE Filtering Questions:
1. Which retail sector do you have experience in?
2. How many years customer service experience do you have?

Screen through 40 resumes and when we have 15-20 good ones, we send them to into Recruitment Drives – Assessment Centre – raise the level of candidate experience

I automatically reject the other 60-70 applicants

We are getting better right now!
CURRENT RECRUITMENT PROCESS

Application via Job Board / Careers Portal – Taleo

Taleo Pre-screening Questions x 3 – ACE filtering

Recruiter - Resume screens – by ACE filtering

Recruitment Drive program for all positions

Hire

QUESTIONS?

Bottleneck remains.

What about the other 50,000+ candidates every year we decline.

We didn’t address the biggest issues.

Were we still hiring the wrong people?
Streamline recruitment process for Store Managers and Retail Associates

- Prior retail experience doesn’t translate to high performance on the job
- Are we screening out high potential candidates – how many of the 70-80 we decline per job (50,000+ candidates per year) could be high performers or future leaders?
- We know some of our current leaders came from outside retail

Help define a Success Profile for Sunglass Hut

Define a People process that is aligned with The “Sunglass Hut Experience” which connects our customers to our Brand

Define a process with a proven ROI around:

- Improve Quality of Hire
- Increase in Sales per Hour ratio (Profit)
- Increase tenure (from 15 months to?)
- Reduce Time to Fill
WHAT SHOULD DRIVE OUR SUCCESS?

Industry experience

or

Behaviours & Attributes?
What are we creating?
THE SUNGLASS HUT EXPERIENCE

INVITE
- Initiative & responsibility
- Organisational awareness

ENGAGE
- Steadiness
- Effective Communication

INTERACT
- Influence
- Business development

APPRECIATE
- Networking
- Constructive teamwork

**ENERGY**
- TRY THEM ON
- POLISHING POWER
- PLAY MORE
- DEMO CARE
- PERFECT FIT
FUTURE RECRUITMENT PROCESS

RJP – Connected to New SGH Careers Portal

Online Taleo Application

SJQ – Online Assessment

Recruiter – Screen top Fit % from SJQ

Recruitment Drive / Interview

Hire

Building an experience

Candidates screen themselves in or out

Recruiter hits the top 10% of Fit to Sunglass Hut

Immediate feed to Recruitment Drive or Interview

Now we will get it right.... Cut-e?
FUTURE RECRUITMENT PROCESS

RJP – Connected to New SGH Careers Portal

Online Taleo Application

SJQ – Online Assessment

Recruiter – Screen top Fit % from SJQ

Recruitment Drive / Interview

Hire

OUR AIM

Fix the bottle neck

Ensure all candidates go through the same experience

Candidates own the input of info against our Success Profile

Screening is initially done by Candidates v Recruiter

Recruiter has greater ownership of calibre
Store Manager SJQ - V2

Please weight your preferred 'response' or 'responses':

You are consistently the best performing store in a low performing region. How do you keep this up?

- Share some tips on how you've met the targets to the other stores in your region
- Keep doing what you are doing, it's working for the team and the store
- Try to be a leader in the region and take on more challenges to stretch yourself and your team further

No more points to distribute:

Answers scaled – 3, 2 or 1
Interview guides & behavioural questions linked to individuals profiling result
**RECRUITER DASHBOARD**

Dashboard filtered by cut-e “Fit Score”

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Requirements</th>
<th>Assets</th>
<th>CutE Overall Result</th>
<th>CutE Overall Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raojee, Sun (593067)</td>
<td>Online application submitted</td>
<td>0 / 0</td>
<td>3 - Typical Fit</td>
<td>19</td>
</tr>
<tr>
<td>Saarinen, Inari (844434)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>1 - High Risk</td>
<td>55</td>
</tr>
<tr>
<td>Cute, Fourtest (1432558)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>5 - High Fit</td>
<td>99</td>
</tr>
<tr>
<td>Cute, Onetest (1426320)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>3 - Typical Fit</td>
<td>1</td>
</tr>
<tr>
<td>Cute, Twotest (1426395)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>4 - Good Fit</td>
<td>51</td>
</tr>
<tr>
<td>Cute, Threetest (1426475)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>2 - Some Risk</td>
<td>3</td>
</tr>
<tr>
<td>Raojee, Sunju (100141)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>2 - Some Risk</td>
<td>3</td>
</tr>
<tr>
<td>TESTHG, TESTHG (1426015)</td>
<td>Online assessment complete</td>
<td>0 / 0</td>
<td>2 - Some Risk</td>
<td>3</td>
</tr>
</tbody>
</table>
Looking for a fun, flexible environment where you can grow your career? Sunglass Hut has an energetic, fashion-forward culture and diverse career paths for all types of talented people. As part of Luxottica Group, the world’s largest eyewear company, Sunglass Hut offers competitive benefits, valuable training and unlimited growth opportunities.

MICHELLE NORIN
SR. STORE MANAGER AND REGIONAL TRAINER
10 MONTHS

“This is the best company ever! I say it over and over again. I love my job! I’ve worked in retail for...
Your teammates are not having a good day and energy is flat in the store. At sunglass hut we like to inspire and motivate each other, so what would you do?

A. Set some clear goals for the team to challenge them

B. Remind your teammates of a time when they were successful to build their confidence

C. Buy your teammates a coffee or sugar hit to boost their energy
REALISTIC JOB PREVIEW – A DAY IN THE LIFE OF....

A. Great choice. When your team is down, sometimes it is up to you to pep them up. We love storytelling and sharing inspiring customer stories with our team mates. At sunglass hut we really value people who can inspire customers and their team mates. This is a great way to make them feel good about themselves and to focus them on a time when they have been successful. It’s inspiring to think, “I’ve done it before, so I can do it again!”

Your teammates are not having a good day and energy is flat in the store. As we like to inspire and motivate each other, so what would you do?

A. Set some clear goals for the team to challenge them

B. Remind your teammates of a time when they were successful to build their confidence

C. Buy your teammates a coffee or sugar hit to boost their energy

We use SGH language & provide real-time Feedback
OUTCOMES – What’s possible – be bold.....

➢ Reduce Time to Fill – 25 days to 15 days

➢ Fast track time to productivity (new employees achieving Sales per Hour)

➢ Increase Sales per Hour ratio (impact on Top Line Revenue & Profit)

➢ Increase Customer conversion – 1 extra customer p/wk p/store = $15 million in sales

➢ Increase tenure from 15 to 18 months

➢ Reduction in candidate applications – self selection (from 70K+ to...)

➢ Fully interactive and integrated candidate experience – branding exercise bringing SGH to the
WHY CUT-E?

➢ David’s dulcet Irish tones

➢ Solutions were linked back to our needs

➢ Costs were based around unlimited testing (we have 70K+)

➢ Flexible and adaptable

➢ To be innovative you need partners in innovation
Questions?