

Is Losing Talent Always Bad? Management Lessons from Prada

The recent departure of Marc Jacobs from Louis Vuitton might seem like terrible news for the company. But if you look a little more closely at the fashion industry you'll find that turning over your talent isn't always a bad thing.

Prada is a case in point. Between 2000 and 2010 Prada lost a lot of designers to competing fashion houses, yet its fashion collections were consistently rated as much more creative than the average.

How does that happen? In a recent study (co-authored with Frederic Godart and Kim Claes) I found that when a designer leaves a fashion house to work for competition, he or she tends to stay in touch with friends and former colleagues from the old job. These ties act as communication bridges through which former colleagues can learn what the departed designer is up to in the new job. And when several designers leave to work for different fashion houses, the colleagues staying behind build bridges to lots of companies. This provides them with a lot of creative input for their future collections.

The phenomenon is not confined to fashion. McKinsey consultants famously stay in touch with former colleagues, who have left to work for other firms, most of which are potential customers. The same thing happens in Silicon Valley where people change jobs across customers and competitors. To be sure, we are not talking about industrial espionage here. The positive effects of communication bridges on creativity come from friends catching up with friends in very general terms about what is going on in their professional lives.

Fashion houses that benefit the most from talent turnover also have long serving creative directors who mentor and befriend the new hires. At Prada, this is Miuccia Prada, who has a long tenure as the company's creative director.

Prada (the company) gets infusions of fresh ideas every time it hires a new colleague. Prada (the designer) welcomes and helps train the newcomers. When a designer eventually leaves to work elsewhere, after a fruitful stint at Prada, she remains on good terms with former colleagues, spreading the message throughout the industry that Prada is a

great place to work and learn. These positive tendencies are reinforced by a culture of transparency and collaboration in the company, as described by CEO Patricio Bertelli in an HBR article.

The messages to the non-fashion world are clear. Don't part with former employees on bad terms and don't forget about them. Stay in touch with them as they are your communication channels and ambassadors in the industry. Replace them with talent from different companies to preserve diversity of ideas inside your firm. And make sure senior executives take time to train and socialize the new hires.

Now every time we see someone wearing Prada, let's think not only about the fashion, but also of the management lessons that we can learn from this company.

Follow me on twitter @shipilov

Find article at

<https://knowledge.insead.edu/blog/insead-blog/is-losing-talent-always-bad-management-lessons-from-prada-2884>

Download the Knowledge app for free



Visit INSEAD Knowledge
<http://knowledge.insead.edu>