

INSIDE FERRARI

An Interview with Herbert Appleroth,
CEO of Ferrari Australasia



Herbert Appleroth
Chief Executive Officer
Ferrari - Australasia

IIC Partners interviewed Herbert Appleroth, CEO of Ferrari Australasia, on the challenges of expanding a luxury brand in Asia Pacific, and his unique perspective of the automotive industry.

What is the most challenging facet of being a Chief Executive Officer of a luxury Auto brand?

Every day is a challenge as we are constantly striving to exceed the expectations of our clients. We use the term “Customer Delight” as one should not be just merely satisfied, but delighted. However, everyday our clients’ expectations grow and so do our efforts to further excite, surprise and delight.

What is your perspective on the current state of the Auto industry?

In my part of the world, we have seen some dynamic growth with our segment posting record volumes not seen since the global financial crisis. Ferrari continues to retain its status as the leader in that segment and is regarded as the world’s most powerful brand. Our segment has seen an increasing number of competitors enter the market, all of which have had varying success. This ultimately ensures that everyone at Ferrari works harder to ensure we stay number one. The current range of Ferrari is testament to that competition and our desire to continue to dominate our space, both on and off the racetrack.

“ Ferrari is all about passion, extreme performance and technology, but at the same time delivering extreme experiences, to man or woman. We build dreams, not modes of transport... ”

What trends are you seeing for 2015 that will drive demand for luxury goods from consumers?

Since the global financial crisis, we have seen a strong trend of consumers purchasing less luxury goods but ones of higher quality and less frequently. When purchases are made they are looking more into those perceived as investments rather than just those providing emotional pleasure. A strong trend in personal tailoring has evolved with the creation of unique, exclusive pieces.

What is your opinion of the autonomous vehicle trend?

Ferrari is the ultimate expression of the man and machine interface and removing the man from this equation is something unnatural. However, there are other brands that can deliver simple modes of autonomous transport. Ferrari is all about passion, extreme performance and technology, but at the same time delivering extreme experiences, to man or woman. We build dreams, not modes of transport.

Does Ferrari have plans to introduce hybrid technology in lower range models after the experiment with La Ferrari?

We are not afraid to bring the best and most innovative technology to any vehicles within our range. At present we have taken our learnings from hybrid technology from F1 and utilised this in the La Ferrari, but who knows what our engineers will bring to us. That is the exciting thing about Ferrari - it is always surprising and exciting the supercar world with vehicles and technologies that are unique, innovative and not what people are expecting.

What attracted you to the Auto industry?

First of all a love for cars, since I was a small boy and heard my first Ferrari driven to its maximum. That is something that stays with you for a lifetime. I am also attracted to the strong and public competition as well as the challenge to constantly delight our clients. This has become more challenging every day, and as a highly competitive person, it is a great buzz to come to work every day.

With a business model that encourages limited production and exclusivity, how will Ferrari grow to provide returns to larger investors?

Great question. Our chairman Mr. Marchionne has shared that whilst exclusivity is part of Ferrari's DNA, where there are opportunities in some markets to grow, we will. It is a fine balancing act to retain exclusivity with commercial growth, however the world is dynamic and we are truly global.

How would you describe your leadership style?

Hands-on and lead by example, rather than merely lead by direction.



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Ferrari is a small company in terms of headcount. How do you retain high performing staff when there are limited opportunities?

We have a very strong internal career development program and being truly international, there are always opportunities for our “talent” to experience new environments and challenges.

Whether one is located in our headquarters in Maranello, or in one of our subsidiaries dotted around the globe, our development program is always ensuring we are constantly challenged. A few years ago, Ferrari was voted as the best place to work, and that is testament to our career development program.

What has been the most challenging aspect of taking control of distribution in Australia and Asia?

Keeping up with demand!

How different are the demographics of Ferrari owners in the different markets?

Whilst there are different demographics all over the Ferrari World, one consistent feature is that our owner wants to have the ultimate expression of success, achievement and the best.

In Australia, our owners tend to tailor cars that have more conservative colours, different to say in Japan. The age of ownership is also very different with a much younger owner on average in China versus Australia, however the average age in Australia is getting younger and is now under 50 years of age.

What qualities do you look for when hiring executives to join your senior leadership team?

Always find people that are smarter than you. Also a great executive has the confidence and ability to take on situations without becoming destabilized. He or she must act fast and decisively and have an innate competitiveness. I like being surrounded by over achievers.

From a leadership perspective how did you adapt your style across different cultures?

Simple. When I wake up in the morning, I remind myself exactly where I am located and put myself into the shoes of the consumer.

Some things I have done differently but some things don't change. Be honest, be fast, be genuine, no matter where you are. I also have tried to get as close as possible to the customer so I understand exactly what they are wanting from us.



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What is the one piece of advice you would give an aspiring CEO?

Delegate to others, but still be the hardest working member of your team.

What do you believe the industry can do to attract young bright graduates and how can the industry improve the image of the car salesman?

Ferrari has also shown leadership in this area with a strategy of recruiting the very best talent from the best universities in the world. We have a formalised graduate program with various INSEAD universities throughout the world and I am proud to have been involved in the first graduate joining Ferrari in Japan in 2014.

I also benefitted from a new approach to management recruitment in the auto industry. I was approached directly from University to be part of a graduate traineeship 20 years ago sponsored by the Federal Chamber of Automotive Industries (FCAI) that was developed to bring new qualified talent to the automotive world. It was different to the traditional method of management development which previously came to the showroom floor, rather than University. A balance of both retail experience and academic training are essential for any good leader these days in the automotive space.

If you were not in your current role what would you be doing?

Considering I am in my dream job, if I was not doing this then I would literally be dreaming and that means a full-time professional racing car driver. I don't have the talent to be a professional driver so I hope I can continue in my day job! I have enjoyed a wonderful career in the luxury automotive industry, and I guess a role that served a similarly positioned brand in another industry with special clients would be a suitable challenge.

Finally, what contribution has the executive search industry made in your career?

The executive search industry has allowed me to find a great number of talented people that I am proud to have had as part of my team. This would not have happened without their help. I suppose my original start in this wonderful industry, and the 20-year career that I have, is all owed to them.

This interview was conducted by IIC Partners with special thanks to de Jager Executive Search. For more interviews, industry knowledge and global reports visit www.iicpartners.com. Questions or comments can be directed to Thaddeus Andres, Senior Marketing & Communications Manager of IIC Partners, at tandres@iicpartners.com.