Gap continues with restructuring despite no CEO

Gap Inc. (Gap) is joining a growing list of US companies, such as Lyft, Goldman Sachs, Amazon, and Alphabet (Google's parent) that have recently downsized their workforces amidst growing uncertain economic conditions.

Source: ©The Brand Hopper The Brand Hopper GAp Inc. joins the ranks of other US companies in downsizing its workforce

Gap is undertaking a massive restructuring effort without a permanent chief executive at the helm reports *Retail Dive* and several other sources.

The severe cost cuts reflect dire circumstances at the apparel conglomerate, which according to a filing with the Securities and Exchange Commission includes laying off 1,800 employees from its headquarters and management roles in the regions. Its latest annual report states that it had about 95,000 employees as of late January; with just under 10 percent based at its headquarters.

The lack of a permanent CEO is exacerbating the company's growth strategy. When Gap CEO Sonia Syngal stepped down in July, chairman o the Board, Bob Martin took up the interim CEO position.

Martin says the company is "taking the necessary actions to reshape Gap Inc. for the future".

Gap not in a good place

Martin is quoted in *Associated Press* as saying: "We are taking the necessary actions to reshape Gap Inc. for the future — simplifying and optimizing our operating model, elevating creativity, and driving better delivery in every dimension of the customer experience."

But, while Martin has reiterated that the plan could yield annualised savings of $300m, shorter term, it will cost about $100m to $120m in pre-tax expenses, including $75m to $85m in employee-related costs and $25m to $35m in costs like consulting fees, per the filing.

“Gap is not in a good place, financially or strategically, and this is likely to get worse as conditions tighten. These cost-cutting actions are very much a reaction to that,” he said by email. “The brutal scale of the cuts underlines the scale of the issues Gap faces,” says GlobalData managing director, Neil Saunders, in the article.

He adds that these measures are designed to ease pressure on the company’s bottom line, but they’re being undertaken in the absence of a strategy to grow its topline.

“As we move forward, we believe these efforts will release untapped potential across our brands, allowing us to show up as a more customer-focused, faster, and creative company.”

Kanye West pulls plug on Yeezy Gap partnership
16 Sep 2022

Q4 declines

The once iconic Gap brand has struggled for a while, and its ill-fated tie-up with Ye, also known as Kanye West, ended last year.

In 2022, Gap Inc. swung into the red with a $202m net loss, compared to $256m in net income in 2021. *Retail Dive* also reported that Q4 declines by the retailer across its brands.

At the same time, as per a filing with the Securities and Exchange Commission the retailer eliminated the role of chief growth officer.

The then chief growth officer, Asheesh Saksena, left at the end of March, while chief people officer Sheila Peters will leave at year’s end and will help choose her successor.