

RETAIL

Gap names former Shoppers chief as CEO

GLENN MURPHY

BY GARRY MARR

Troubled U.S. retailer Gap Inc. has reached into Canada for its new chief executive, tapping former Shoppers Drug Mart CEO Glenn Murphy for the top job.

San Francisco-based Gap, the world's largest clothing retailer, said it will pay the 45-year-old bilingual Montrealer a US\$1-million signing bonus to come on board as chairman and CEO; he will get a compensation package that could reach US\$12-million in fiscal 2008.

In Mr. Murphy, Gap has grabbed the man credited with one of Canada's great retail success stories. Since going public at \$18 in 2001, Shoppers shares



GAP / CANADA NEWS WIRE

Glenn Murphy

have almost tripled in price. Despite that success, reaching into Canada for a top executive is seen as an unusual move by a retail icon such as Gap.

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CEO has proven track record

GAP

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"Wow, that is something," said Rick Pennycooke, president of Lakeshore Group, a Toronto retail development consultant. "But look what he has done with Shoppers the last few years. He's made the stores bigger, he's gotten them into food. Will that translate into khakis? For them to look outside New York and the usual establishment is unusual."

Canadian retail history has been dominated by Americans with brands such as Sears as mere extensions of U.S. operations. More often, it has been Americans coming to Canada to run Canadian brands, such as Jerry Zucker's takeover of Hudson's Bay Co.

"This really says something," Mr. Pennycooke said of yesterday's announcement. "He's going to have to change [the Gap] brand. It's just too bland."

Sales have been sliding at the venerable retailer, operator of the Gap, Old Navy and Banana Republic chains. This month, Gap said its comparable store sales for June were down 5% from a year ago. It was a lower drop than the 6% decline in June, 2006, from a year earlier.

Mr. Murphy, a graduate of London, Ont.'s University of Western Ontario, comes to the chain with 20 years of retail experience, the last six as CEO of Shoppers. He stepped down in March this year.

He served as chief executive of Chapters and was an executive vice-president of Loblaw Cos. Ltd. In its release, Gap said at Loblaws Mr. Murphy "drove substantial improvements at the company in the face of competition from big-box retailers."

He led Shoppers during a period in which revenues increased in 22 consecutive quarters year-over-year and its earnings per share doubled.

In a statement, Mr. Murphy praised Gap for its "iconic stature" and pledged to "reestablish" all of the company's brands as leaders. The company has more than 3,100 stores in the United States, the United Kingdom, Canada, France, Ireland and Japan.

Mr. Murphy, who intends to buy 150,000 common shares of Gap Inc., expects to start work in the next week once he gets a receipt for his U.S. work authorization.

Gap said Mr. Murphy was chosen after a "rigorous" search by the company's board of directors for a new CEO.

"Glenn is known for being a decisive leader with great retail instincts who understands his customers," said Robert Fisher, whom Mr. Murphy will succeed as chairman of the board of Gap. "He has revitalized major retail brands by offering new products and significantly improving the store experience."

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