

Serving the Community

**An Interview with Terry J. Lundgren,
Chairman, President, and Chief Executive Officer, Macy's, Inc.**

EDITORS' NOTE Terry J. Lundgren assumed his current title in January 2004. Prior to this, he served as President and Chief Operating Officer, a title he assumed in March 2003 after having served as President and Chief Merchandising Officer since May 1997. Lundgren began his retailing career in 1975 as a trainee with Bullock's, a Los Angeles-based division of Federated Department Stores, and ultimately became Senior Vice President and General Merchandising Manager in 1984. In 1987, he was named President and CEO of Bullocks Wilshire, an upscale chain of specialty department stores owned by Federated. Lundgren left Federated in 1988 to join Neiman Marcus, where he served briefly as Executive Vice President and, shortly thereafter, was named Chairman and CEO. He returned to Federated in April 1994 as Chairman and CEO of the Federated Merchandising Group. Lundgren holds a B.A. degree from the University of Arizona.



Terry J. Lundgren

COMPANY BRIEF Headquartered in New York and Cincinnati, Macy's, Inc. (www.macysinc.com), is one of America's premier national retailers, operating 41 Bloomingdale's stores and more than 810 Macy's stores in 45 states, the District of Columbia, Guam, and Puerto Rico. The company also operates macys.com, bloomingdales.com, and Bloomingdale's Outlet stores.

How critical is corporate responsibility to the culture of Macy's and how do you decide what to support?

It's very important, because big companies with name brand recognition like ours are looked at through a microscope by customers, shareholders, and our own employees. So making what we stand for clear is important both internally and externally.

Bringing it down to a more local level, it matters to the communities we serve – both the customers as well as our associates.

We gather information about what is important relating to specific opportunities that we are considering from that same source: customers and employees.

So it works well when we're able to seek the information from the community and then circle back and specifically respond to the needs

of that community by giving support from our storied brands.

How critical is it to retain those community programs and that engagement during tough times, and have you been able to do that?

Times like these are when organizations need our help the most. So that is the most important time for companies to step up and be supportive of those organizations that are aligned with the values of their company, employees, and customers.

To continue to provide support during difficult times, it comes down to choice – you have to choose which organizations you believe are doing the best job, where your investment is having the most impact on end users, as well as receiving the most appreciation from your employees and customers.

Is that difficult sometimes when you're approached by so many different organizations looking for help?

There might be a feeling that you're a big company and you can afford to do it all, but you need a decision process that allows you to answer the right requests and make sure you're able to support those organizations with which you have relationships and that are counting on you to fulfill the programs that are in place for them.

Internally, Macy's has placed a major emphasis on sustainability. How critical is that both to the future of the company and broadly within the community?

It is more critical today than it has been in a long time. I have breakfast meetings each week with many of the younger people in the company and they kept asking what Macy's and Bloomingdale's were doing to respond to the environmental needs for the future of our children and grandchildren.

My answer was, I'm happy to do all the things you can think of as long as we can break even as a company. That opened the floodgates, because they came back with hundreds of ideas – including some that saved the company money. So there is a way to do the right thing but not make it negative for shareholders.

Are the Macy's and Bloomingdale's brands separate in this regard or do you coordinate in some of these efforts?

Externally, we always try to talk about them separately, because we want the Bloomingdale's brand image to be quite different from the Macy's brand image and vice versa.

Having said that, when there are sustainable ideas that we can take advantage of, we share those ideas.

How critical is it to mirror your diverse clientele and customer base when it comes to your workforce?

The American population is already one of the most diverse in the world, but it's going to continue to be more so as time goes on. If you don't recognize that, you're never going to achieve your full potential in reaching your customer base nor in utilizing the employee brainpower that is available.

Embracing the diversity of all the customers and our workforce makes us a more competitive retailer, because we're going to attract the best talent and the most diverse customers with that point of view and strategy.

So I view this as not just the right thing to do but as a business imperative.

In an industry with traditionally high turnover, how important is it to focus on retaining talent?

We have very little turnover at the management level. The turnover for many retailers happens at the entry-level selling associate position and, even in that role, there are many people in our organization who have been there a long time and are very experienced.

Part of the reason for this is that we don't believe your training stops when you begin your work here. We keep raising the bar, and at our own leadership institute, we even take employees off site to teach them about leadership.

You talk about the business with the same passion as in the early days. Do you still enjoy it that much?

When I meet people who are working in our company, I take the temperature of the level of enthusiasm and excitement that they have for their company and for their jobs. If they love what they do, our chances for success go up exponentially.

But if you feel like you're the smartest person in the room and you fake your way through it because you're getting a nice paycheck, that will catch up with you.

For those fortunate enough like me to find a career they love, it's not an effort to get up and go to work in the morning. I'm raring to go every day. ●