

# A Reflection of the Overall Strategy

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



A Ronald McDonald House living space donated by Macy's

**EDITORS' NOTE** In January 2004, Terry Lundgren assumed his current title. Before 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. He began his retailing career in 1975 as a trainee with Bullock's, a Los Angeles-based division of Federated Department Stores, and became Senior Vice President and General Merchandising Manager in 1984.



Terry J. Lundgren

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 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.

**COMPANY BRIEF** Headquartered in New York and Cincinnati, Macy's, Inc. ([www.macysinc.com](http://www.macysinc.com)) is one of America's premier national retailers, operating 36 Bloomingdale's stores and about 800 Macy's stores in 45 states, the District of Columbia, Guam, and Puerto Rico. The company additionally operates [macys.com](http://macys.com), [bloomingdales.com](http://bloomingdales.com), and Bloomingdale's Outlet stores.

## Why is it such a critical part of the Macy's culture to be socially responsible?

We have always felt that we need to give back to the communities that give to us – it's a reflection of our overall strategy, My Macy's, which is the localization of our inventory and being locally responsive to the needs of the customers in these markets.

We want to do what both our employees and those who live in these markets and communities are looking for and what our customers are interested in.

## How does this focus affect the bottom line?

I don't know that I can draw a direct line from our contributions and volunteerism in our communities to doing business in those communities, but our employees in particular feel good about our involvement.

We do a great deal of volunteerism in addition to making financial contributions to charities.

## What areas have you decided to focus on?

We have defined the areas that we believe are most directly tied to the desires and needs of our employees and customers like women's health issues, AIDS research, and the United Way. Everybody has their own favorite charities, but the United Way is one charity we support together.

We also focus on a local level.

We're one of the largest financial supporters of the American Heart Association and Make-A-Wish, but it's equally important to support the arts in Chicago or a community-specific subject in San Francisco for AIDS research. Public school education is one of our focuses as well.

## Does being socially responsible include choosing the right vendors and suppliers for your business?

The fashion industry is a very philanthropic industry; we raise a lot of money for various organizations. I find myself getting involved in certain organizations and once we're involved, we almost always break the record for the contributions that are generated at a given event.

Ten years ago, the Ronald McDonald House approached us to get Macy's involved in their charity. Each year, we recruit someone from the industry to be the honoree who can raise money and make an impact for this group. We're a steady contributor to that organization as well as to Carnegie Hall, FIT, Alvin Ailey, and many others.

## Do you track the progress of cause-related programs with metrics similar to those used for the business?

The programs are looked at like a business. Around 10 years ago, Go Red For Women came to us and pointed out that while we were giving money to breast cancer research, more women are actually affected by heart disease than breast cancer.

When they targeted our efforts regarding women's health issues, it got our attention and we have now raised over \$40 million through the Go Red For Women campaign.

The American Heart Association estimates that the money we have raised for them has saved the lives of 657,000 women thus far in terms of what they have been able to do with research and communication. So we definitely measure it like our business.

## Do you drive these philanthropic programs broadly through the organization or is the focus more local?

I know that my 175,000 employees listen to what I say and watch what I do, so I talk to them about subjects like giving back to our communities and our program of volunteerism. I talk to them about how proud I am of the work we're doing.

I produce webcasts every 30 days for a very broad group of our organization – we get up to about 50,000 people connecting in to the downloaded videos. I take their questions and talk for 15 minutes about what is going on with the company.

Our employees are very interested in knowing how and where they can make an impact. They take the broad message of how we're giving back and filter it into the local communities.

## Macy's continues its giving despite economic hardships. How challenging is that?

In challenging times, you need to prioritize but recognize that it is also challenging for our employees and customers as well. So it's a time when they need us more than ever.

We work hard to make sure we're giving to the most important programs that both employees and customers expect we will support.

Recently, while waiting for Washington to respond to the critical needs of our communities in New Jersey and New York after Hurricane Sandy, our employees developed their own fund, even though it was not tax-deductible, and gave a substantial amount of money to help our 200 employees who were dislocated from their homes during the storm. We could not wait for government to act.

## Have you been surprised by the impact of My Macy's?

When we get behind something, be it a business idea or volunteer project, I'm never surprised by how powerful the response we get from our organization and from our customers. We just keep setting goals higher and I haven't been disappointed in our performance. I couldn't be more proud of the give-back nature of our employees.

## What advice do you offer young people coming out of school today?

You need to find a job you love and a company you enjoy in an industry that excites you, because you're never going to be highly successful unless you enjoy the work you do. ●