



KOHL'S: STRATEGIC PLAN

FY 2013

Our Mission Statement: To be the leading family-focused, value-oriented, specialty department store offering quality exclusive and national brand merchandise to the customer in an environment that is convenient, friendly and exciting.

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Background

Kohl's is a retail chain offering merchandise varying from women's, men's and children's apparel to house hold products and cosmetics. Kohl's is currently one of the largest retailers, with close to 1100 store nationwide and employing more than 130,000 associates. Originally a small grocery store, the first Kohl's department store opened in 1962 in Brookfield Wisconsin. Under President and CEO Kevin Mansell, Kohl's has continued to thrive and evolve their selection of merchandise. In 2004 75% of the merchandise carried in the store was merchandise from national brands that were sold in other major department store. Within the last few years close to 50% of the merchandise sold are now private and exclusive brands to Kohl's.

In the last year Kohl's has also been recognized nationally for their consumer satisfaction being ranked # 3 by the University of Michigan's American Customer Service Satisfaction Index (ACSI). Kohl's also ranked #27 by Forbes Magazine as the Most Reputable U.S. Companies. Kohl's has also been recognized for their efforts to remain socially responsible and push their Go Green movement. In 2010 received over six awards in recognition of their going green efforts, including the Energy Star Partner of the Year for Energy Management and Clean Air Excellence Award.

Situation Analysis

As one of the largest retail companies, Kohl's wants to remain on top and continue to grow and surpass our competition. In order to do that Kohl's needs to crack down on enforcing policies and procedures, but still maintain our motto of *Yes We Can*. The lax in enforcement of coupon policies as well as not having store security on hand, has discourages our employees for caring about theft and maintain quality of our products. The lack of rules for returns makes it convenient for our customers, but stricter rules need to be implemented to help deter theft and abuse.

S.W.O.T

- **Strengths**
 - Strong emphasis on excellent customer service (yes we can motto)
 - More updated selection of merchandise
 - Flexible work schedules for associates
 - Numerous hiring opportunities
 - Numerous saving opportunities for customers

- **Weaknesses**
 - Inconsistent enforcement of policies and procedure
 - Not all managers enforce dress code
 - Procedures for changing work schedules not enforced
 - Procedures for handling customer discrepancies not consistent
 - Lack of training of employees
 - New employees not knowing how to operate registers
 - Lack of training in how to use in-store kiosk
 - No training for how to check inventory
 - POS associates not being trained in closing registers
 - POS associates not being trained in organizing recipes
 - Associates not being informed when floor merchandise has been relocated
 - Majority of merchandise targeted to a smaller audience (women and teens)
 - Very few sales on men's merchandise
 - Small selection of specialty men's merchandise (men's big and tall, men's sleep clothing and footwear,)
 - Loss Prevention or security personnel is not always in stores, leaving associates unable to deter and prevent theft
 - Inventory system is very complicated to operate, and the majority of staff does not know how to operate. This makes it difficult for associates to check and locate merchandise for customers.

- **Opportunities**
 - Unique products
 - Merchandise sold exclusively at Kohl's
 - Developing Kohl's branded merchandise
 - Selling better electronics in the future

 - Variety of locations
 - Nation-wide store

S.W.O.T

- Developing system for ability to ship items from store to store or from online to store
- Room for updates
- Updatable brand
 - Quality name brand merchandise allows for possible improvements of reputation
 - Selling specific merchandise consistently
- Threats
 - Competition (other store with similar marketing campaigns)
 - Coupon abuse
 - Opportunities for multiple use of one time only coupons
 - No system for tracking Kohl's Cash issued after sale
 - Lack of enforcement of coupon policies
 - Abuse of return policies
 - Allowance of return on used merchandise (used underwear, destroyed shoes, make-up . . .)
 - High rate of theft
 - Lack of enthusiasm from employees
 - Due to lack of store security, employees are unable to prevent theft
 - No procedures are currently in place for thefts in progress when Loss Prevention person is off-duty
 - Allowance of coupon abuse when reported

KEY PUBLICS

Key Publics

Employees

- Replenishment Associates
- Overnight Associates
- Sign Management Associates
- POS Associates
- Customer Service Associates
- Floor Associate
 - Misses
 - Men's
 - Juniors
 - Accessories/ Intimates
 - Children's
 - Home
 - Shoes
 - Jewelry
 - Loss Prevention

Customers

- Cardholders
- Non-Cardholders
- Rewards Members
- Non-rewards Members
- Coupon Recipients

GOAL/ OBJECTIVES/TACTICS

Goal/ Objectives/Tactics

Goal

Improve Kohl's overall reputation with current customers, potential customers and current employees. The success of this campaign will be evaluated at the end of the fiscal year through use of customer and employee surveys as well as through profit made this fiscal year compared to prior years.

Objectives

1. Increase profits by at least 20%.
2. Increase employee retention
3. Decrease theft in all of Kohl's stores by at least 50%
4. Increase number of male shoppers

Tactics

1. Increase company morale by establishing and enforcing companywide policies and procedures in for employees and customers
 - Creating more coupons that can only be scanned one time. These would work the same way as Kohl's cash and each coupon would have a unique bar code
 - Another possible way to deter customers from abusing coupons is by allowing them to be loaded on to customers reward cards. This would allow for a tracking system of what coupons have been used and would allow customers to only load coupons one time. This also helps to cut back on repeated printing of coupons saving supplies for the company as well as customers.
 - Creating a budget to allow Loss Prevention personnel to be on staff during all store hours.
 - Having monthly employee meetings to discuss company policies, changes occurring with the company, current store rankings, etc.
 - Continue with end of the day meetings to discuss that work day as well as plans and goals for the following day and plan for rest of the week.
 - Keep white boards up to date with current coupons, current customer service score, and the customer service score goal for the month, etc.

GOAL/ OBJECTIVES/TACTICS

2. Insure all employees are trained for positions prior to beginning work and cross training employees to allow for more efficient workers
 - Requiring associates to buddy-train at least two work shifts prior to beginning work alone.
 - Allowing for more opportunities for associates to be trained in other departments. There can be a bi-weekly training session that will focus on different departments each session. Employees can sign up for the training session if they would like. The training can either be taught by one of the associates or can be computer training. Cross-training associates allows for associates to help each other in their department when help is needed. This also is beneficial for employees because it allows for possibility of more work hours and makes them more flexible in the store.
 - Posting open positions in current stores as well as other Kohl's locations to give workers the opportunity to advance.

3. Expand marketing and advertising campaigns to reach wider demographics to make Kohl's a one stop shop for entire family
 - Currently 32% of clothing alone is geared towards women; this does not include cosmetics and accessories or footwear. The majority of shoppers are women, but a large number of men shop in Kohl's as well and have Kohl's charge card. Much of our advertising is very gender specific (i.e. rewards cards are pink and lime green colored) and refer to our customers as "she". Kohl's needs to make marketing less gender specific and market to both genders.
 - A new ad campaign needs to be launched targeting more male customers. These commercials would feature the different brands offered in the store with more of an emphasis on the store's big and tall section as well as allowing for more sales on men's clothing. The men's big and tall section would be moved to a more visible part of the store, near the front. The big and tall section would be expanded. Brands that are already available in the store that manufacture big and tall clothing (Arrow, Columbia, Dockers, Gold Toe, Haggar, Jockey, Levi, Lee, Nike and Van Heusen) can have their big and tall clothing added to their collection.
 - New brands of clothing can be added that are specifically made for big and tall men.
 - Kohl's is headed towards a younger, hip and trendy appearance, but attention still needs to be paid to our mature audience. A large portion of our shoppers during the day time are seniors. Seniors should be allowed to take advantage of their senior discount daily as well as maintaining clothing this demographic would find appealing. This can be achieved also by expanding our Croft and Barrow line and also moving the brand to a more convent location to allow senior shoppers easier access to the clothing

GOAL/ OBJECTIVES/TACTICS

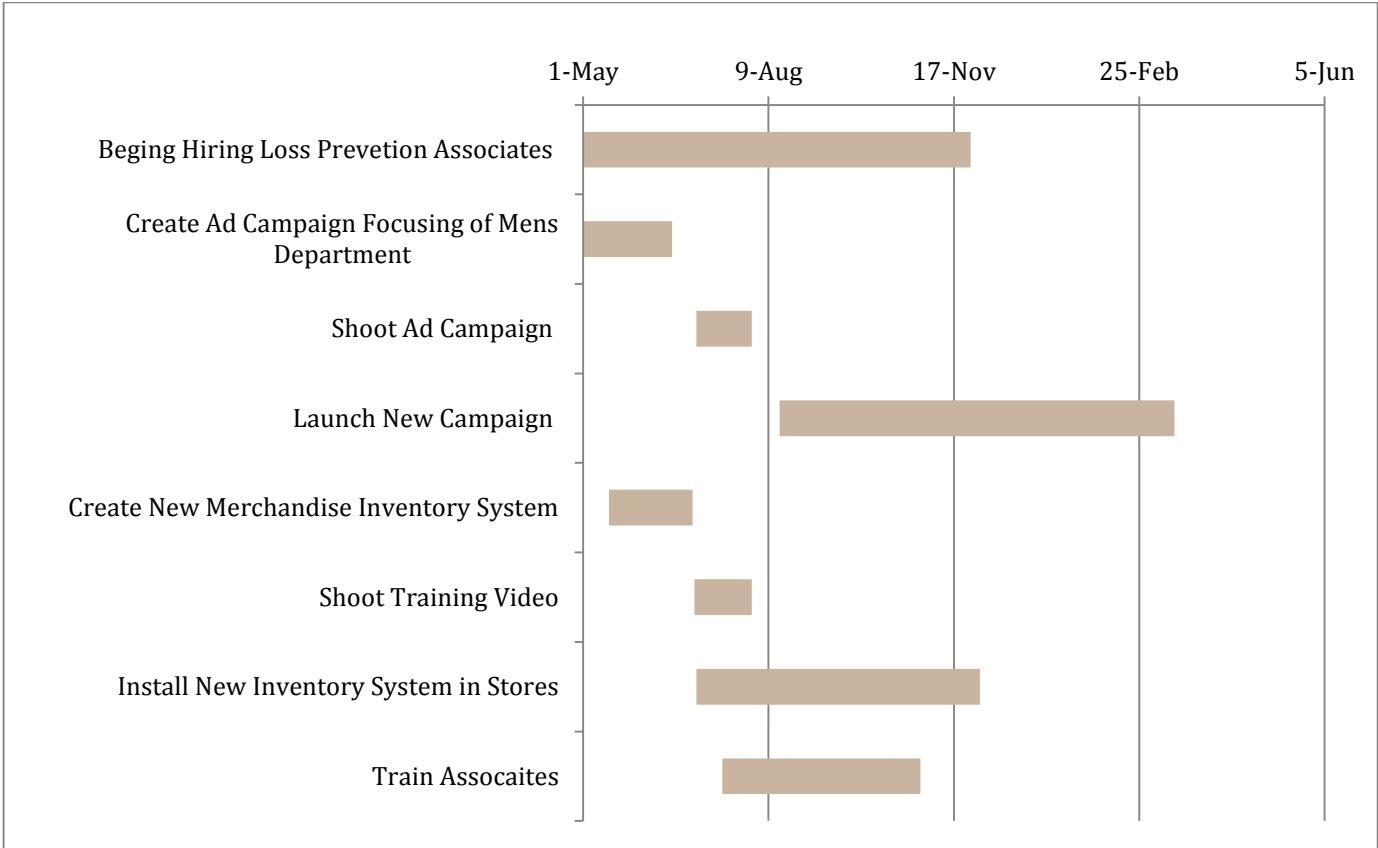
4. Make finding and organizing merchandise much easier to allow customers and associates to find specific merchandise much quicker
 - To make it easier to find merchandise inventory, a new computer system needs to be installed. This system would allow for quicker checking of merchandise in other stores, as well as making it easier to locate UPC number for merchandise without tags. This system would also be much more user friendly allowing all associates to use it.

Evaluation Tactics

1. Increase profits by at least 20%.
 - To see if profits are increasing each month, profit from last year will be compared to current profits to make sure we remain on target.
2. Increase employee retention
 - Each year Kohl's hires a large number of employee for the holiday season, at the end of the holiday season we lose a large percentage of the seasonal employees. Kohl's would like to increase the number of long term employees. This can be evaluated through the end of the year associate reviews. All employees state the amount of time they have been with Kohl's as well as evaluate work conditions and have the opportunity to provide suggestion for improvements at their specific location as well as improvements that can be made company wide.
3. Decrease theft in all of Kohl's stores by at least 50%
 - By having a security personal on staff at every location during all store hours, this will greatly cut down on the amount of theft. When a theft occurs, there will be someone there that can detain the suspect. To evaluate if this is successful, the amount of known theft merchandise from prior years will be compared to this year. Also, the amount of individuals caught in the act will also be compared to the numbers from previous years.
4. Increase number of male shoppers
 - There a multiple ways to evaluate if Kohl's has been successful in increasing male shoppers. The first way will be through our customer survey, each survey requests the person to give a few details about themselves such as age, sex and income. We can also track the number of male customers by sending out more male clothing specific coupon and tracking how many of those coupons are scanned. Kohl's new rewards card system will be another way of knowing if Kohl's is attracting more male customer. The rewards program tracks the amount of money each customers spends and rewards them with coupons for specific amounts spent. The last way we can evaluate the number of male customers is by checking inventory and seeing how much of our merchandise sold is for men.

GANTT CHART

Gantt Chart



BUDGET

Budget

Kohl's

Strategic Plan: Budget

| Advertisement | | Estimate Cost |
|------------------|--|----------------|
| TV | | \$4,500,000.00 |
| Mailers/ Coupons | | \$1,225,000.00 |
| Radio | | \$10,000.00 |
| News Paper | | \$25,000.00 |
| Total | | ##### |

| Security | | Actual |
|---------------|--|----------------|
| LP Associates | | \$2,000,000.00 |
| | | |
| | | |
| Total | | ##### |

| Computer System | | Actual |
|-----------------|--|----------------|
| Development | | \$250,000.00 |
| Instillation | | \$3,000,000.00 |
| Training Video | | \$25,000.00 |
| Total | | ##### |

| Ad. Campaign | | Actual |
|-------------------|--|----------------|
| Commercial Shoot | | \$2,000,000.00 |
| Print Ad shoot | | \$1,700,000.00 |
| Record Radio Spot | | \$25,000.00 |
| Total | | ##### |

| Misc. | | Actual |
|--------------|--|----------------|
| | | \$2,000,000.00 |
| | | |
| | | |
| Total | | ##### |

| | | Actual |
|--------------|--|--------|
| | | |
| Total | | |

| Total Expenses | | Actual |
|----------------|--|-------------------|
| | | 86.285 mil |

