



Lessons Learned, Lessons Shared

The Confluence of Geography and Retailing



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Ken, thank you for your willingness to share your reflection on your research career and provide us with insights from some of your “lessons learned.” Before we explore some of your past, we should discuss what’s going on in your career now as a result of

the recent acquisition of the May Company—your long-term employer—by Federated Department Stores.

As you point out, these are indeed some interesting times in my career. I am currently in a transitional role that extends from March 2006 to May 2007, serving as Operational Vice President for Federated Department Stores. During this period I am doing special projects, including educating Federated's divisions on their new markets and stores. About 400 former May department stores will be converted to the Macy's or Bloomingdale's nameplate in 2006. I am also involved in recruiting and training new staff.

From 1988 to early 2006, I served as Vice President of Area Research for the May Company, leading a staff ranging from five to eleven persons. Area Research's primary responsibilities included sales forecasting, market analysis, and strategic support. I am proud of the fact that May Department stores grew from 297 in 1988 to 501 during my tenure.

Early Inspiration

What were some of the sources of inspiration that helped guide you to where you are now?

I grew up in south Minneapolis, the son of a college professor and junior high school teacher. Since my parents were teachers, they utilized summer vacations for camping trips and travel across the U.S. and Canada.

From my earliest grade school years, I collected road maps, navigated most of our trips, and became fascinated by differences between cities, places and regions of the country. My grandfather, a retired missionary to northeast India, also cultivated my fascination to explore and understand distant places. Growing up in Minnesota, I appreciated the summer season and regular vacation trips out of the Midwest as a welcome break from the long winters.

My parents allowed me to find my own career path, and along the way I enjoyed sports, music, and outdoor recreation such as camping, canoeing, swimming, and other water sports. Teaching water safety and swimming at a northern Minnesota summer camp also stimulated my early interest in physical geography.

Education

Let's talk a bit about your extensive educational background. How did you get started and what turned your attention on the social sciences and later geography?

In terms of degrees, I have a B.A. in Social Studies with a concentration in history from Bethel University in St. Paul, MN. I also have a M.A. as well as a Ph.D. in Geography, both from the University of Minnesota.

I trace my academic foundation to the fact that I came from a family of teachers. Early on, I enjoyed the life of exploration, learning, reflection and solitude, and the classroom setting. Since I attended a small college where my father taught, I focused on a broad liberal arts education prior to entering graduate school. I began as a math major but later shifted into the social sciences. I benefited from exposure to “professors” who were more like mentors than mere teachers.

I decided to go to graduate school to be a geography professor in 1968. I chose to focus on geography because it combined my fascination with places, exploration and discovery, history, as well as the physical and the human landscape. It also utilized statistical tools and analysis that I learned in other courses.

This is part of a series of executive profiles of research-oriented industry leaders conducted by **James DeLisle**, Director of the Runstad Center for Real Estate Studies at the University of Washington.

Some of the interviewees' careers remain in research, as they continuously hone their skills, while others have moved on to other functional areas. Regardless of current or future career choices, we will explore to what extent the mind-set and skills cultivated in research roles have been instrumental in their professional development, and how they have built on that foundation.



What were some of the ways that the graduate school experience helped you to develop as a person and a professional?

The University of Minnesota experience was a continuation of my undergraduate liberal arts orientation, but it also focused on the research methodology, tools, and subject matter of geography. At the “U” I had good teachers and mentors, particularly my Ph.D. advisor, **Cotton Mather**. Professor Mather instilled in me the importance of exploration and fieldwork to sharpen my focus and clarify the issues of the topic or problem. The initial step of geographical research, of course, is to understand first-hand a place or region. That field perspective and the many days on the road have amplified my understanding of places and stimulated perhaps more than anything else my interest in cities and places. I have been so fortunate to utilize fieldwork throughout my retail career.

Cotton Mather, in addition to his emphasis on field exploration and discovery, emphasized the importance of studying the “leaders” in an industry. The pace-setting top performers are usually the ones that competitors follow for comparable locations and best practices. How apropos that has been for studying retail facilities, from ski areas and shopping centers, to traditional department stores.

On the Road to Teaching

How did your academic and professional career unfold?

On a path to becoming a university professor, which coincided with the Viet Nam era in the late 1960s, I joined an Air Force ROTC program at the University of Minnesota. The time was well spent since it exposed me to Air Force’s “command and control” managerial structure and it fostered my own leadership development. In my shortened active duty tour at the end of the Viet Nam War, I learned about meteorology and climatology at an Air Force weather station where I was assigned in Duluth, Minnesota in 1972.

After the military obligation ended in late 1972, I launched into a new career as an instructor at Virginia Tech. My emphasis was undergraduate teaching and some applied research. I left Virginia Tech following this first stage in my career (1973-1979) to take on a new challenge, market research for a major retailer, Dayton Hudson Corporation, and eventually The May Department Stores Company.

The Virginia Tech experience challenged me, especially with time management, since my first two years (1973-74) involved not only developing and teaching courses within a new geography department, but also finishing a Ph.D. dissertation of the western ski industry. Little did I know that the analysis of a ski area’s

site, setting, marketing and management would be transferable to years of locating and studying department stores.

New Career Built on an Academic Foundation

The academic foundation you built in geography undoubtedly opened a number of career options for you. How did you translate that to an interest in real estate?

In selecting a supporting program at the University of Minnesota, I was fortunate to take courses in land economics, natural resources, forest resource economics, transportation and planning. Land use and real estate issues affecting American cities and regions at all scales interested me. Courses in land economics and natural resources highlighted the institutions and practices impacting natural resources and the urban landscape.

With my background I could have opted to study topics from natural resources management to urban geography and planning, but I eventually found a career in retail site selection, market research, and sales forecasting. The professional atmospheres and the staff of the Area Research departments at both Dayton Hudson Corporation and The May Department Stores Company have enhanced my understanding about real estate and urban geography and how that applied knowledge is used to select the best sites for new stores.

As an academic who crossed over to the industry side for an extended stint, I’m curious as to how you adjusted to the move from university culture to the corporate setting?

While progression and transitions take place daily in our jobs, and certainly in career changes, my most dramatic move was to leave the college and university culture that had been my world for many years. Moving from self-imposed discipline and an academic calendar to a corporate setting often with end-of-day deadlines and a command-and-control atmosphere was dramatic. Perhaps my ROTC and Air Force training prepared me best for the new routine. I adjusted and moved on, appreciating the opportunity to separate my work from my leisure to a greater degree than in a university setting. The chance to do something different than my parents has been a personally rewarding adventure.

Mentors

In addition to your mentor, Cotton Mather who you discussed earlier, who were some of the people who most affected your career?

At Virginia Tech I learned how to put subject matter into a teachable format, and I had nearly seven good years there guiding and interacting with students. One colleague, **Arnold Alanen**, now at the University of Wisconsin, Madison, shared many of my interests in



North American cities, natural resources, and applied research, where geographic analysis is used in a business or urban planning setting. Alanen also taught me some of the “ropes” of writing articles, giving papers, getting research grants, and participating in professional associations.

One other special individual, **Larry Carlson**,¹ was also a former graduate student friend at the University of Minnesota. Larry trained as an urban geographer, joined Dayton Hudson Corporation (now Target Corporation) and soon became Director of Area Research and Planning. Over the course of several years in the 1970s, Mr. Carlson observed my interests in fieldwork and applied geography, and he persisted in recruiting and eventually hiring me to come “home” to the Twin Cities and take a position in his department. A twenty-seven year business association had begun, although I had known him since 1967. Mr. Carlson mentored me and directed my career from 1979 to 1988.

Notable Markers

What were some highlights of your career and some of the notable lessons that you learned along the way?

Since it’s hard to surpass the atmosphere of a university classroom and the interaction with students and other professors, I’d have to place that first university assignment near the top of my career highlights. However, I found a similar atmosphere among colleagues at Dayton Hudson. When offered the chance to lead my own research department at May Company, the job satisfaction increased further because I had far more control of the pace, products, and atmosphere of the department. Consequently, the May Company job experience ranks at the top. Every previous position has been a stepping-stone.

What has made these settings what they are has been the people, especially like minded colleagues who enjoyed the market research process with its sense of discovery leading to something tangible, i.e., new stores. Area Research colleagues interact like university students and professors, making judgments and forecasts about markets and new stores, and having fun during the process. The entire country is an expanding laboratory of places and stores that offer timely analogs for comparisons to each new site or situation.

Prior examples of store performance and competitive dynamics are applied to new sites and situations for new stores and shopping centers. Past successes and mistakes in site selection are my most vivid personal lessons learned in doing market research.

What are some of the highlights of your professional involvement in the retail real estate industry?

I have served on many committees that have helped me grow personally and professionally, which include: ICSC member (1984 to present) and ICSC Research Advisory Task Force (1991-2004); Association of American Geographers (1972-present); Urban Land Institute, (1999 to present); Editorial Board, *The Professional Geographer* (1992-1997); Applied Geography Conference Steering Committee (1985-1995); and award-winning teaching, research grants, and publications while at Virginia Tech (1973-1979). Additionally, I have been both a speaker and participant at conferences, and have guest lectured and conducted workshops and fieldtrips at 15 universities.

The Road Not Taken

Can you recall any opportunities that you might have missed along the way or other paths you could have taken? What are some of the professional challenges and “lessons learned” that you faced that helped you to grow as a professional?

The biggest “mistakes” I have made fall under two categories: (a) career management; and (b) a faulty retail strategy, including missed sales forecasts. While at Dayton Hudson, I benefited from a corporate culture that encouraged younger executives to move into other disciplines and departments to broaden their skill set and experiment with other career tracks. I had such an opportunity to learn the nuts and bolts of corporate development, strategy, and acquisitions in 1984. Were it not for my strong interest in the site selection and market research process, I could have continued on that side road in that other Dayton Hudson department. However, I stuck to my principal interest, and perhaps my comfort level. There have been days that I have regretted not taking the risk of moving into a different discipline, even if it had lasted only a few years.

Noted above, people make choices in their careers, where, in retrospect, a risky decision may have led to a better opportunity, greater responsibility, or more satisfying work settings. Once I get into a routine it is difficult to break new ground in a new setting. Sometimes, the “good” becomes the enemy of the “best.” While I have been satisfied in my work, I believe I passed up a few promising opportunities.

One example of missed retail strategies come to mind. Nearly every market analyst has made mistakes in judging the strength (or weaknesses) of individual markets, sites and stores. While at Dayton Hudson, the

¹ Editor Note: Larry Carlson was profiled in *Research Review* Vol. 12 (No.2), 2005, pp.85-95.



research team believed that our New England operating division, Lechmere, could be successful and thrive in the Sun Belt nearly as well as it did in New England. We were dead wrong. The southern entry failed. The Lechmere division was taken private, then was sold to Montgomery Ward and eventually dismantled. Market analysis can be a humbling experience.

Other errors in judgment have involved, in most cases, over-estimating the sales potential for a new store or group of stores in a new market. Excuses of all kinds can be offered, but I have misjudged future population growth and economic potential of several markets, leading to sales performance shortfalls and eventual store closures in the worst cases. Those decisions to build multi-million dollar stores, which fail to meet the Area Research sales projections, are painful. Fortunately, none have cost me my job. The lessons are unforgettable.

My advice to young analysts is “do your homework,” dig deeper into the facts and data, and don’t be so caught up in a deadline that you bypass additional resources leading to a better answer. Your sales projections may be the only obstacle to a deal that should never be done and a store that should not be built! Stick to your guns, defend your numbers, and don’t stand down to a more dominant personality or higher-ranking executive who “wants the store” when the market or site is substandard or marginal. I have learned that lesson the hard way.

Success Factors

Your extensive career and your successful transition from academia to industry is a fascinating story. Your background puts you in a somewhat unique position in terms of advising others on career paths. What are some of the key success factors that you can identify for the next generation of market analysts?

First, a good foundation is a liberal arts education that offers ample opportunity for critical thinking, problem solving, hypothesis testing, library research, statistical analysis and writing. Computers are great tools but not shortcuts to careful research and analysis. Our writing reflects our thinking, and good writers often are top research analysts.

Second, it helpful to develop a specialized graduate education in geography, real estate, finance, or an applied discipline, especially those offering on-the-job internships and research projects for graduate credit. Learning those disciplines is critical for a successful analyst. A thesis is the preferred option because it forces a start-to-finish process and a final product.

Third, search out a mentor. Research departments should be designed to reward the “star mentors” as well as the “star analysts.” Without at least an informal mentoring process, some analysts with high potential may

“slip through the cracks” even in the best research settings.

Finally, develop a willingness, appreciation and understanding of the need for flexibility; jobs change according to the needs of the marketplace. A person’s formal education may lead into one direction, but that career may never materialize and it may change dramatically, as mine did. Students today, like those of my generation, will change jobs and careers several times. You can prepare for such changes and plan ahead for the unknown with a well-rounded education, internship experiences, and plenty of professional contacts. Be nimble and ready to break new ground.

What are your thoughts on a formal real estate education?

Formal academic training is a privilege. I was fortunate to have a sound undergraduate education and a graduate education at a leading geography department, but I would have benefited readily from additional course work in real estate and finance, which would have increased my career options.

For academicians and students, I recommend more collaboration across disciplines, difficult as it can be. When academic (and corporate) departments become “silos,” the overall enterprise is likely to suffer and the student, in particular, doesn’t get as full an exposure to other disciplines.

For aspiring students, select a well-known school in your discipline, but don’t forget to choose that program based on individual professors, and their specialties. You will “major” in that professor. Find a scholar, but also a mentor. You could have a colleague and friend for a lifetime. Also, consider graduate programs “connected” to corporations, for internship jobs and begin the job search before you graduate.

Postgraduate education is not well developed in my discipline. Continuing education credentials may be more important in the future. Companies should play a key role, by allowing their “experts” to be used in professional institutes and industry sponsored seminars.

It is obvious that you truly value an investment in education and the relationships you developed with your mentors and academic peers. What is your view on the importance of investing in professional relationships and networking?

Professional associations and conferences are extremely important for networking, information sources, collaboration, and friendships outside one’s company. Networks begin on-the-job and within a company. They expand as people move from company to company. Networks also can be established at research conferences and professional trade association meetings (e.g., ICSC



events). New analysts and recent graduates should give papers and presentations at conferences. Some companies may limit those activities fearing the loss of young talent to a competitor.

Careful site selection and market research may be the added edge that distinguishes the retail companies that are consistent winners. Good sites are increasingly scarce on today's overbuilt retail landscape.

Have you developed any additional insights from your professional career in which you blended a research background with team management responsibilities that you can share with us?

Know yourself and what you do best. Master the essential components, having done them yourself before you supervise others. Practice time management, team building and organization skills. Lead by example.

A retail researcher should understand the bigger picture as well as the component parts. By virtue of their broad perspective, researchers become generalists as well as specialists. A manager needs both perspectives because s(he) must translate the research findings to others whose responsibilities extend far beyond the disciplines of market research. At other times, someone's analysis has to be evaluated in fine details.

Researchers have proven to be versatile and knowledgeable executives, but they can find themselves at "dead ends" in their careers. Research can be an isolated function and analysts viewed as specialists with limited mobility (and even referred to by some as "number crunchers"). It's up to each retail analyst to broaden their skills and get advice from supervisors and mentors. It's less likely in most situations that others outside the research setting will open doors for job advancement. You will have to open the doors yourself.

What would you identify as the ideal mindset, skills and profile for the next generation of professionals who will follow in your footsteps?

First of all, it's important to make sure you are balanced, flexible, agile, and able to handle varied situations from "back room" statistical analysis to up front presentations to senior management. It is necessary to be detailed, yet also be able to describe and understand the big picture in problem solving.

You should also develop and refine some critical skills including being adept at public speaking, writing, library research, computers, math, statistics, map reading and preparation, photography, organization, leadership, teaching, and presenting. Additionally, learn how to have

an eye for future trends and at the same time, retain appreciation for history, and diverse markets and cultures.

Finally, make sure you are willing to work long hours to get the job done and able to handle the corporate culture and the "rules" of the organization. Corporate citizenship is also important to add perspective and fun to the routine, often involving service projects and fund raising. Accordingly, it is fundamental to be a team player, as "Prima donnas" have short tenures in most research departments. Last, but very important, is to have a genuine interest in retail, and the role it plays in reflecting culture.

You've given us a number of great insights. Do you have any specific career advice for young professionals?

Yes, be selective. Since competition for top jobs will be greater as industry consolidations continue, find a good starting position with a career path. Be careful not to act too hastily, and schedule as many interviews as possible.

Additionally, patience is advised especially when you believe you are ready for your next promotion. Further, recognize that your first position, although perhaps less than what you want, might lead to better advancements in the long run.

Finally, some of the best opportunities are found from working up from the bottom of the corporate ladder, in a research department or beginning in the stores and working into new responsibilities. Additionally, looking overseas to developing nations which need expertise and assistance (e.g., China, India and Africa) can be rewarding.

The Future of Research

Let's look at the big picture a bit as we wind down. What do you see as the biggest challenge for the retail industry?

I think there is a need for retailers to grow their business from the "inside out" given the over supply of retail space, and the need for fewer new stores. This includes "recycling" acquired companies and utilizing "boxes" designed for a different retail purpose. Also, attracting, developing, and retaining top talent will continue to be a challenge. On the global front, a key challenge will be to allocate human and capital resources between home and abroad for optimal return on investment. Understanding the institutional differences to bridge the cultural gaps to the "two-third's world," and operating globally in a world that must contend with terrorism also will be challenging.



Finally, do you foresee any changes in direction of research?

Widespread use of GIS, and interactive computer systems, increases the likelihood to even more rigorous data mining and sales forecasting. Research departments, originally designed for sales forecasting and market analysis, now are assisting in store merchandising (based on both demographics and lifestyle “psychographic” clusters); marketing (newspaper zoning and zip code analysis); and corporate acquisitions and strategy.

Researchers need to “reinvent” themselves as the demands change. Continuing education, sponsored by

their companies or professional associations may be helpful. Job candidates that bring a new skill set to a new employer also will have a greater chance to be hired; a critical start to any career.

Ken, thanks for taking the time to share your “lessons learned.” We look forward to your next career options as you transition to the next level in your own life. We wish you the best as you decide where this transition will take you.