Ken Hicks  
President and Chief Merchandising Officer, JCPenney

“My career path is a bit unusual. After graduating from the U.S. Military Academy and serving a number of years in the U.S. Army, I earned an MBA from Harvard Business School and went to work as a consultant for McKinsey. After awhile, I realized that I wanted to be in a position of developing and implementing strategies, rather than just analyzing situations and making recommendations. Through my consulting experience, I recognized that retailing offered exciting challenges and opportunities. Over the past twenty years, I have had senior management positions at May Department stores, Home Shopping Network, Payless Shoe Source, and now JCPenney.

More and more we find that consumers want the convenience of shopping through different channels. Sometimes they want to go to our stores, see the merchandise before buying it, and get it immediately. Other times they find the 24/7 access and deep assortment at our web site and catalogs appealing.

JCPenney is ideally positioned to provide a multi-channel offering for our customers. We have over 1,000 stores and distribute over 380 million catalogs a year. We have been operating a catalog business for over fifty years and thus we have a very efficient fulfillment system and distribution centers to also support our Internet channel.

We work at coordinating the operations and merchandise assortments of the three channels so customers see a seamless interface. Using our POS terminals, sales associates can order merchandise for customers from our web site. For example, we stock 20 colors of bath towels in the store, but offer 32 colors at our web site. If a customer doesn’t find the color she wants in the store, a sales associate will order the towel from the web site and have it delivered to her home, or she can pick it up at the store.

Coordinating the merchandise assortments is challenging because the channels appeal to different customers and the merchandise they buy differs. Our catalog customers tend to be older, while Internet customers are younger. Hard goods and toys sell better through non-store channels than in the stores, but apparel sells better in stores. In addition, the channels have different planning cycles – the merchandise and prices in the catalog is set for six months, but changes to our Internet offering can be made instantaneously.

Retailing is a high-tech, high-touch growth industry that offers opportunities for people to make profit and loss decisions early in their careers. There are opportunities in store management for those who like working with people, while the buying organization provides jobs appealing to the more analytical people.