



## **Strategic Leadership Applied to Retail Management: Joe Contrucci Discusses the 21<sup>st</sup> Century Dynamic Organization**

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### **Executive Summary**

Joe Contrucci started his retail career at Wal-Mart. Shortly after, Joe joined the Target Corporation where he has risen through the ranks over the past twelve years. Joe served as the Group Vice President of Northern California where he was responsible for leading 52 Target stores, driving \$3 billion in revenue, and managing 20,000 Target Team Members. Joe recently relocated to his childhood roots near Kansas City where he is now Group Vice President for the Kansas City, St. Louis, and Indianapolis area. He is a graduate from the Class of 1994 from St. Mary's College with a major in history. He currently serves on the Saint Mary's Board of Trustees and resides in the Kansas City area with his wife and two children.

Target Corporation, a Fortune 50 company with over \$67 billion in annual revenue, operates 1,767 stores across the United States and has plans to open its first stores in Canada in 2013. Target was recognized in 2009 as one of the Top Companies for Leaders in North America in a study led by Hewitt Associates. Joe embodies an ability to recognize, develop, and inspire leaders at all levels to drive results, value collaboration, and think strategically. He recognizes the value of a diverse leadership base to lead a dynamic organization in the rapidly changing environment of mass retail.

**Authors: Based on your experiences, what is the best way to manage the different generations in the workforce?**

**Contrucci:** Very early on, and even up to the past couple of years, I expected people to manage more to my expectations rather than the other way around. I do not think I truly respected the differences in generations as much as I should have. However, I have recently started to realize the need and importance to focus more of my energy to more fully understand how each person is personally motivated, what fuels their passion, and the value of creating an environment that inspires and engages as many people as possible.

It sounds simple, but sometimes I think leaders have a level of arrogance that says "If you want to succeed, you have to do it my way." After all, this was the path I walked to be successful early in my career. I suppose this translated to my beliefs in the past as this is the path others should also take.

As I continue to grow as a leader and reflect on the successes I have achieved, and more importantly the successes I have helped others achieve, I think a lot of my initial thinking came from the environment in which I was raised. I succeeded because I changed based on what my leaders wanted from me. I now realize as leaders in our organizations, there is a need for us to be much more adaptable and willing to change.

**Authors: Who is a leader you admire and why? Why and how did this person impact your life and/or leadership style?**

**Contrucci:** A leader I admire is actually one of my first mentors and someone who I still have a relationship with. This relationship was established with someone who I worked with at my first job...ironically, someone at Wal-Mart.

As the years have passed we have stayed in touch and I still seek advice from him. Although I may have surpassed him in title, I certainly have not surpassed him in the experience and knowledge he continues to share with me. I believe it is important to continue to be a student – someone who retains an open mind and is not closed to new ideas simply based on a title or position in an organization.

So what is the advice I continue to seek? It is simple, yet very significant in my growth as a leader. He has shown me, year after year, how to stay fresh and how to re-invent myself. As a leader, and a person, it is good to consistently re-invent your perspectives, your willingness to learn from others, and to take in and incorporate new ideas. This person has not only helped me re-invent myself each year, but does it while always pushing me to be true to who I am as a person.

Sometimes in business, there is a temptation to put who you are in the background in order to get to the next level or position yourself for the next opportunity. I think back to the past seventeen years and truly thank this person for not only helping me stay fresh, but also stay true to who I am. This has been a difficult, but valuable, balance to strike.

**Authors: How can a leader influence and mold the culture of an organization?**

**Contrucci:** First, a leader has to embrace the culture of the organization itself before you can attempt to change or maneuver it. It is important and necessary for a leader to buy in and understand the principles of the organization. This is true if you are running a store, a district, a group, or a region. We all have to understand the principles of what we are there to do every day.

The best way I know how to change or mold a culture is by creating and leveraging relationships. These relationships exist not just within your team, but also in the resources/partners throughout the organization. If you have great relationships, you can then

begin to influence and mold your own ideals through others. The best successes I have had with regards to implementing change is by utilizing my partners and resources. Without these types of relationships, it is nearly impossible to simply force your ideals through by simply using title or position.

**Authors: Can organizational politics help an organization?**

**Contrucci:** Yes. When I think of politics, I place it in a framework of give and take. Politics can certainly help an organization because it provides an opportunity to give and take from one another. There are countless times when I have been able to support another's agenda. The return to me is tenfold when they then support me. This is when organizational politics works to help the business and leaders get better. Of course, politics can certainly be a negative within an organization. When used properly, politics allows for compromise and collaborative efforts among leaders within the organization to accomplish more than one could as an individual.

**Authors: What motivates you to be successful?**

**Contrucci:** I think all of us still have those people who we want to make proud. To this day, making my parents proud remains a very important part of who I am. Of course, winning also motivates me to be successful. The satisfaction I get from winning everyday motivates me to get up each morning, work a little harder, and run a little faster to beat the competition.

**Authors: Who is the competition?**

**Contrucci:** It changes and is at times tough to define. In general, I think of my competition as the same people doing the same role I am in - within the same organization. I certainly do enjoy my peers and they are some of my best friends, but admit that I get up every morning wanting to beat them.

**Authors: What is one mistake you witness leaders making more frequently than others?**

**Contrucci:** The most common mistake I see is when leaders do not change their style to fit the situation. When I think about leaders I encounter, there is sometimes a level of arrogance that the only way to accomplish something is through their way. This is very risky mindset to have as a leader because many times the organization will pass them by without the person knowing. Once the organization passes a leader by and the organization gets ahead, it is nearly impossible for them to succeed. I think it is important to be open to listening to your team, seek to understand alternative ideas and perspectives, and to be willing to not take yourself and title so seriously that you eventually are left behind.

**Authors: What is the one behavior or trait that you have seen that derails more leaders' careers?**

**Contrucci:** It is not so much a trait as it is the whole personal arrogance some new leaders get that they have "arrived." They then become closed to feedback or changing based on who they think they are and forget that there are people who can help them every day continue to get better. Put another way, leaders have a tendency to get complacent. Once someone becomes complacent, it is very difficult to become a student again.

**Authors: What advice would you give someone going into a leadership role for the first time?**

**Contrucci:** Go in as a student and ask the right questions. Ensure not to let the new position / title go to your head too quickly and begin to think you know everything. I think one of the most important things new leaders can do is to utilize the team to teach them. In my experience, the people who have struggled are the ones who say "I'm the boss" rather than get the team's buy-in.

**Authors: What do you do to ensure you continue to grow and develop as a leader?**

**Contrucci:** I try to surround myself with those who think and act differently than I do. I truly appreciate having a team that challenges me to think differently – even when they are 100 percent different than my style.

**Authors: What skills does Target value in its leaders? Does Target build these or are they skills that eventually surface during their tenure with Target?**

**Contrucci:** Target has a set of characteristics called Leadership Expectations. I think there are three of these expectations that really drive success – at least for me.

The first is the ability to engage and inspire. The details of this differ slightly based on where you are in the organization. However, the underlying premise is that the ability of a leader to engage their team, to convey trust in people's competence to do their jobs creates a feeling of energy and excitement that will separate a good team from a great team.

The second is not just simply the ability to drive for results, but the ability to uniquely drive for results. This goes back to some of the things I was saying earlier in that each person has to be able to get the results in their own way. There is not a "Target" way and each leader needs to determine how they can best foster a sense of urgency and commitment to achieve goals. Engaging and inspiring others to find their strengths in order for them to drive the results necessary for success is important to me as a leader.

The Leadership Expectation I believe is critical is for a leader to be resilient and adaptable. I think this is important not just in Target or retail, but in any leadership role. As a leader, we are expected to keep the ship upright and going in a straight line. In order to accomplish this, leaders have to constantly adjust to the changes in the economy, local issues, regulations, spending habits, etc. You have to be able to not only maintain a positive focus and drive your team forward, you sometimes have to bend and adapt to your surroundings all while keeping true to yourself and the principles of the organization. A leader must be able to adapt to change, ambiguity and uncertainty with a certain level of confidence and openness.

**Authors: What do you focus on as a leader responsible for almost \$3 billion in revenue? How do you drive these focuses through your organization?**

**Contrucci:** I think my biggest focus is taking the company vision and focus and then communicating in the simplest way possible to our teams so that they can understand and see the message very clearly. You then have to push really hard to get the team to move at the same speed.

In my role, where I oversee 52 stores, I believe all stores should get to a milestone at the same time. If there is a store that is lagging behind, we need to wait till they catch up before moving forward. What is tough is when we allow stores to move at their own pace. If we as leaders are going to push (and push hard), each individual store should try to arrive at the goal at the same time. It is not about creating a race where each individual store simply tries to be the first to the finish line. It is about creating a culture where each Target store views themselves as part of a larger team and there the stores meeting stated goals first then helps other stores so that everyone moves forward together – not racing as an individual store.

**Authors: How to you perceive Target changing as more leaders who are part of the Millennial Generation (those born after about 1980) become more prominent and visible within Target?**

**Contrucci:** Realistically speaking, I am not sure we are 100% ready for the change these emerging leaders bring to an organization and we may not have prepared enough for this influx of new leadership. Perhaps it is our own little bit of arrogance as an organization that we believe people are going to change/adapt to our way of doing things. For example, one of the ways the millennial generation differs from previous generations is that they may not stay around long enough in places that don't change. They may simply move on to an organization that is more in tune with their values and beliefs. I do not think we at Target are alone in addressing this change of leadership. Other organizations and leaders I speak with also may not be diving into how millennial leadership will impact an organization as much as they should.

**Authors: What are the most important decisions you make as a leader at Target?**

**Contrucci:** People placement. This is actually a dual role. The first is to give the leader experience they need to develop and maximize their potential. The second is to provide each store the type of leader they deserve based on the challenges they face at that particular time. For example, we have brand new stores that are opening for the very first time. We also have stores that are very established and have a very tenured staff. Some stores are in a market with significant competition and we have to execute certain behaviors within the store to remain relevant within the community, etc. Each one of these types of environments provides an opportunity to help a new leader grow as well as to learn to recognize, acknowledge, and adapt to different situations. For senior leaders, it is an exercise to also ensure each store gets the type of leader that will make both the store and the leader successful.

**Authors: What is the biggest challenge that leaders at Target face today?**

**Contrucci:** Everyone is always hiring great people. When the economy is up or down, or unemployment is high or low – everyone is always on the lookout for great people. Target has a reputation for training and developing great people. As a result, they also become highly sought after. I think our challenge is to do what we can to ensure our people are not looking elsewhere but also be honest with them what the future may hold for them at Target.

**Authors: Can you share the impact, if any, that social networking has had on Target or you personally?**

**Contrucci:** We are really getting to a place where social media and networking will certainly affect us. I am not sure if it has yet significantly impacted us at a corporate level. Until now, it has not really hit us unless it is negative. For example, a bad experience or a bad running store was something most companies were able to hide until they fixed it. This is no longer the case. There have been examples where a bad experience has quickly become a very large and socially driven event that individual stores and corporate must contend with.

**Authors: Do you enjoy taking risks? Talk about a risk you've taken in your leadership position and how this risk relates to the growth of Target.**

**Contrucci:** I LOVE taking risks and this is one of the reasons I enjoy Target so much. Target allows leaders to take risks if they make great business sense. In my most recent role, we took some risks as a group related to inventory control – something not previously done in the company. I was able to find some partners to help move the idea forward and the risk we took resulted in a savings of nearly \$45M.

“Risks” can be found in many different parts of an organization – opportunities to improve operations to run a more sound business and get more guests in and out of the store with the same people resources, driving inventory efficiencies to maintain better stocked shelves and have less merchandise in the back that can get lost or damaged, or looking at opportunities to better protect our assets from the equipment we use to the merchandise in our stores.

**Authors: What will you do in the next two years to lead your team to revenue and profit growth? How will it be significantly different from what you've done in the last two years?**

**Contrucci:** The next two years will be different than the past two years. In my previous role, I had a number of the top revenue stores in the company with limited competition. The focus for these past two years was essentially ensuring we keep our shelves full to ensure we are in-stock for our guests. In my new role, my stores are located in a very competitive area. Here it will be necessary to focus on driving a great shopping experience. We will have to ensure we are running stores in a way in which all stores feel, look, and act similar.

**Authors: How have you evolved as a leader in the last five years? What insights have you gained about your talents and strengths?**

**Contrucci:** I take a more practical approach and continue to find new ways to keep my emotions in check. I strive to be not just an emotional leader, but also one who drives for great results and appreciates teams and leaders who do it the right way. Regarding strengths, I have realized I can use my relationships and personality to drive for higher results and push harder than others. However, there are times where I do catch myself pushing so hard that my quick response can stunt or hinder growth because I may close off the open-mindedness of my team based on the strength of my opinion. This goes back to continually being a student of leadership, being open to new ideas, and surrounding myself with those that will present different perspectives of how to solve the many challenges we face in the retail environment on a daily basis.

**Authors: What is the greatest lesson you have learned as a leader?**

**Contrucci:** The greatest lesson I have learned as a leader in the past five years is not to take anything for granted – even outside of work. We certainly have to strive for greatness and wins in our jobs, and we certainly have to ensure we fulfill the expectations of our roles and do the things to provide continued success in our careers. But we need to also not take things too seriously. As leaders, we must be appreciative of our success, but we should not take things for granted or stop being a student of our profession. At the end of the day, we just sell stuff...but we do it pretty well.

**About the Authors**

Belal A. Kaifi completed a post-doctoral program at the University of Florida's Warrington College of Business Administration where he researched Management and Marketing. He earned a doctoral degree from the University of San Francisco where he studied organization and leadership. Belal is an Associate Professor of Business Administration at Trident University International. Belal can be reached via email at: [bkaifi@tuiu.edu](mailto:bkaifi@tuiu.edu).

Scott Mendenhall earned his BA in Business Administration from the University of Nebraska-Lincoln. Scott spent eight years with Accenture in the Human Performance Competency and then joined Wachovia as a Regional Sales Consultant to be part of Wachovia's westward expansion into California and Arizona. Scott worked with Joe at Target where he led a team of 60 Team Members. Scott currently is a District Operations Manager for a private Medical Supply company and attends the Executive MBA Program at Saint Mary's College of California. Scott can be reached at [sam14@stmarys-ca.edu](mailto:sam14@stmarys-ca.edu).