

## MoS Rapid Response Transcript – Brian Cornell

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### [THEME MUSIC]

**BOB SAFIAN:** Hi listeners, this is Bob. Welcome to Masters of Scale: Rapid Response. Today I'm talking to Brian Cornell, CEO of Target.

Brian was on hand at the White House in mid-March when President Trump declared COVID-19 a national emergency, and Brian pledged that Target stores would remain open. Since then, demand for some Target products is way up, while others have cratered.

New practices and policies have been implemented to protect the health and safety of Target employees and customers, all swiftly embraced on the fly. As Brian explains, it's been a constantly-shifting period of adaptation. And no, he assures us, you don't have to worry about not having goods on the shelves. The supply chain is working, no hoarding required.

Let's listen.

**SAFIAN:** I'm Bob Safian and I'm here with [Brian Cornell](#), CEO of Target. At Rapid Response, we're interviewing leaders who have agreed to share their experiences and perspectives amid the COVID-19 crisis. Brian oversees an operation with stores blanketed across the United States, hundreds of thousands of employees. He's navigating fluctuating consumer demand, as many shoppers stock up – some outright horde – facing a range of new decisions in an ambiguous environment. Brian is coming to us today remotely from Minnesota where Target is based, as I ask my questions from my home in New York. Brian, thanks for joining us.

**CORNELL:** Good to be here.

**SAFIAN:** Just a few weeks back in early March, Target held its annual investor conference and at that point it was mostly business on track, but within short order everything changed – store demand surged in March up 20%, new costs, supplying that demand, cleaning stores in new ways, paying employees more – and by the end of the month, business plans from just a few weeks ago were out of date. At what point for you personally did you realize that this was a different environment that you had to react in a different way? Was there a specific trigger?

**CORNELL:** Well, Bob, we've been very focused on the virus for months and months now. Really going back to the December, January period, we stood up a Coronavirus task force that was focusing on the impact it was having to our supply chain, largely coming out of China. And as we were sitting with investors on March 3rd – which seems like a long time ago now – we talked about our strategy for the year, our plans, our initiatives.

We had made one adjustment: we went from a live meeting in New York to a webcast from Minneapolis. But at that point in time we were very focused on the business, the outlook that we had. We were very competent in our plans and during that webcast I received one only question about the virus. Literally when we finished that webcast later that day, we all started to see the hotspot occur in Seattle. We started to see movement in San Francisco and in New York City, and you immediately started to see the consumer landscape change.

February was a pretty normal month, consumers were out shopping stores. They were shopping all of our categories. And then as travel bans were put in place, as school started to close, as all of the major sports programs stopped their activities, and games were no longer being played, the consumer realized that this was for real and it was a very serious moment, and we immediately saw a change in consumer behavior. People started to stock up on household essentials – all those paper products, all the disinfectants – they quickly started to stock up on food and beverage supplies for their home. And that occurred really quickly in late February going into March.

As more and more states and cities started to talk about sheltering in place and staying at home, we immediately saw consumers start to think about what were they going to do to ensure they could work from home, educate their children from home? So we started to see board games and electronic sales really spike as consumers recognized their world was about to change. So the initial wave was “How do I stock up on household essentials, the medication I need, food and beverage?” Then it was “How do I prepare my home for an extended stay?” And I think we're going to continue to see that ebb and flow over time.

When you started to hear the administration – and I actually remember Dr. Birx on a weekend press conference briefing talking about the fact that she started to recommend

consumers minimize their time in physical stores and in pharmacies, well, the consumer listened and we saw them clearly start to use our drive up and pick up and home delivery services. And when there was a recommendation that Americans start wearing a mask when they're in public, almost immediately in our stores I started seeing people come in with homemade masks. So we've got to watch all these chapters unfold.

**SAFIAN:** You were on hand at the White House when the President declared a national emergency – that was on March 13th – and you committed that Target would stay open through the crisis. Lots of retail outlets have been forced to close their doors. Was that a tough decision to commit to stay open? And did you fully anticipate what that was going to mean as you've operated going forward?

**CORNELL:** Well, Bob, there's no playbook for this environment, but as a company we really focused on our overall purpose. We wake up every day trying to bring a little bit of joy to all those families we serve. And I think that purpose has guided us well throughout this crisis. We really thought about what we need to do to serve the families that depend on Target each and every day, the over 30 million guests who shop our stores on a weekly basis.

So we've been making decisions on almost a daily basis, iterating, adjusting based on the environment. But we've always put our teams first, investing in pay and benefits and making sure we keep them safe, extending that to our guests. We can't take care of guests if we don't take care of our team first.

So I'm really proud of the way our leadership team has reacted, the agility that they've shown throughout the crisis, their ability to get together. We make different decisions, but every decision runs through that filter of the purpose of our company, what's right for our team, and what's right for the guest. And we always start with health and safety and support of our team members and our guests.

**SAFIAN:** It sounds like there've been phases of rolling change that you've had to adapt to as you talk about it. Are there points like you're having that meeting in the morning and you're saying, "Oh, you know what? We've gotten to a new phase. We have to think about this new thing." And what is the phase we're in now, and are there phases that you anticipate coming next, or do you just have to react?

**CORNELL:** I think we have seen different phases, and if you and I would have been sitting here talking six months ago and I used the term social distancing, we would have been sitting there saying, "Brian, what is that?" So we've all adapted to the new environment. We started out saying, "All right, we need to make sure we're investing more time, more hours in cleaning and sanitation." And one of the first things we did was making sure we dedicated team members in our stores to constantly cleaning those surfaces where the guest was interacting with our team.

We quickly evolved that and recognized that we're going to put up plexiglass dividers at the check lane to provide even more security and separation between our team and the guests. We started putting decals down on the floor, making sure people were keeping the six foot distance between each other when they're shopping and at the check lane. We then evolved to metering the number of guests who could be in our store at any given time. We've now certainly recommended and are supplying masks and gloves for our team members, and in many, many markets, that's the way our guest is shopping at Target.

I think there'll be other phases when the economy reopens and I think we'll recognize that. Certain measures will stay in place. We'll continue to focus on elevating our cleaning and sanitation. I would expect social distancing is here for the foreseeable future and I wouldn't be surprised if across America most Americans are wearing a mask when they're in public.

So I think there's going to be different phases that affect how people live, how they shop, how they work. We asked our headquarter team to begin working from home several weeks ago, so we've all adapted to Skype calls and Zoom meetings and it's how we're conducting and running the company today. We do store visits very differently than we did in the past. So we've all had to adapt to the new environment and I think there'll be new chapters and new approaches that we take as we continue to listen and learn.

**SAFIAN:** So much about the recovery, whenever it comes, will rely on the confidence of the average person going back to restaurants and ball games and stores. Are you thinking about things like taking people's temperatures before they're allowed into the stores? Are those kinds of measures things you contemplate?

**CORNELL:** We're continuing to listen to the experts. We're being really good students now. We spent a lot of time with our peers at the industry level with Reela and NRF, so I think we're all looking for new answers and new approaches. I think we're going to have to adapt to a new way of living and a new way of working as we go forward, and I certainly expect coming out of this pandemic that consumers will have some different values. They're going to live their lives differently, I think they're going to recognize the importance of family and friends coming out of this environment, and we're going to have to continue to adapt our business model to meet the growing needs of Americans across the country.

**SAFIAN:** Leading a large organization with so many people, motivating them and encouraging them and enforcing standards, this has always been hard. I know that you raised wages \$2 an hour, you added bonuses for store leaders, offered paid leaves to those who are pregnant and over 65, and instituted back up childcare and elder care. Are there any things about leading an organization, a large organization that have gotten easier during this time? Is everything harder?

Are there things that are particularly hard right now because of the social distancing and remote nature of things?

**CORNELL:** Bob, I talked about the fact that we start virtually every day thinking about company purpose, thinking about what we do to take care of our teams, we made a significant investment, we announced a \$300 million investment in pay and benefits to make sure we were taking care of our teams. We've been very focused on ensuring, one, we're showing a lot of empathy for our teams and the guests we serve. We've gone out of our way and I think our communication team has done a sensational job of making sure that we're constantly talking to our over 350,000 team members. We've been directly talking to our guests. I personally have sent out emails to millions and millions of guests to let them know the steps we're taking. We've tried to make sure we're regularly connecting with our teams. We spent a lot of time early on in this crisis stepping back and saying, "How do we reset our priorities?"

For us, it's about making sure we're supporting our merchant and buying function that's out there every day working with vendors to get the products that consumers and our guests need. We've spent a lot of time making sure we're supporting our supply chain teams that are transporting those items to our stores, and then making sure we are constantly focused on supporting our frontline team, both our store teams and those who are supporting the guests from a digital fulfillment standpoint.

So making sure we're empathetic, we're communicating clearly on almost a daily basis, and then setting really clear priorities and making sure that we're focused on the most important things. And for us as the retailer, that starts with making sure we're getting the product we need, we're transporting it to our stores, and making sure it's on the shelves or being shipped to our guest homes. And right now clear priorities, clear communication, but also being really empathetic and recognizing how challenging these times are, I think those are really important leadership principles that we put in place and we come back and talk about them all the time.

**SAFIAN:** You've used the words "flexible" and "adaptable" to describe the need of this era. I know it's something a lot of businesses are struggling with, being faster and more flexible. Are there things about your organization's adaptability that have pleasantly surprised you? And are there some things that you've looked at and you said, "Oh, that, we have to get better at?" Has anything been exposed in that way in this time period?

**CORNELL:** Yeah, I've been really pleased with the collaboration that we've seen across our leadership team and across our company. I talked about agility, but I'm also really pleased with the fact that, we've recognized in this time of uncertainty, that perfection is our enemy. So, we're not trying to get everything absolutely perfect. We've pushed a lot of things out the door that were probably 80% complete, but we knew we had to get started and we'd iterate and adjust along the way. And I think that adaptability, that

willingness to work together to make the right decisions for our team and the guests, has really been a model for us that we've followed each and every day.

And it really is Bob, each and every day, making decisions, showing agility, adapting to what's happening around us. And recognizing that no, we're writing the playbook. We don't have one that was sitting in a drawer that we can say, "All right, the last time this happened, here's the things we did."

**SAFIAN:** Demand at Target has surged. I'm sure you've talked with colleagues in other industries that have seen things go the other way, seeing demand plummet. What sort of advice do you offer folks in that situation, whose resources are more strained, deeply strained right now?

**CORNELL:** I certainly have spent a lot of time with industry peers that are closed right now. And I understand how challenging that is when they've got to make decisions around furloughing their teams. And other choices that they've had to make while they're not operating.

And hopefully, we're sitting here six months from now in a very different position. The retail industry is a really important part of the US economy, about 42 million jobs across America touch retail. So we need to make sure the retail industry survives this crisis and we continue to support all of those jobs. So I want to see the retail industry survive this crisis. I want to see our peers open their doors.

But I also recognize it's a really difficult time for all of those small businesses and many of our retail peers that aren't operating today. And I'll hope, like everyone else will, that we'll get through this crisis quickly, we'll return safely to work, we'll find a vaccine that allows us to overcome the pandemic. And sometime, in the not too distant future, doors are open and consumers are back out shopping and living their lives the way they used to.

**SAFIAN:** Just recently I've noticed there are rising social distancing demonstrations, folks who want to get back to work and aren't allowed to. The President, I think something said yesterday that US deaths have peaked. How much do you weigh those kinds of external news things, versus the data that you're seeing coming through your stores?

**CORNELL:** We're always going to put a premium on doing what's right for our team, for their health, their safety, what's right for our guests. And we've done that throughout this crisis, and we'll continue to put a premium on ensuring that we're doing, from a Target standpoint, what's best for our team, what's best for the health of our guests. And we'll continue to flex and adjust accordingly.

**SAFIAN:** These are stressful times. How do you manage your own stress and do you have any advice you might offer other folks who are listening for managing what they're feeling right now?

**CORNELL:** We actually had an officer meeting yesterday and gathered our top 200 leaders on a Zoom virtual call. And we spent quite a bit of time, Bob, talking about the importance of ensuring we're investing their personal resilience, making sure that they're managing their energy so they can continue to be there to support their teams, during this time of crisis. So I think it's really important right now for leaders – to take care of themselves, to make sure that they're managing their energy so they can show up each and every day and provide the support their teams need and their colleagues need each and every day. We can't lead through this crisis if we're not at our best.

**SAFIAN:** It's interesting as you talk about the emotional wellbeing of your team and I think of some of the benefits that you've added – the backup childcare and elder care – and some of these might be almost considered community services. Is there a way that you think about what the responsibility is of a business in a time like this, versus the responsibility of other institutions of government? What role you're supposed to play in getting us through this period?

**CORNELL:** Well, from the very start, we thought we had a very important role to play. So we've really, again, come back to focusing on our purpose, our values, the role our team plays. And we've been there, throughout this crisis, to make sure that consumers knew, our guests knew, Target will be there and they'll have access to the product that they need during this crisis. We wanted to make sure people knew Target would remain open. We do everything we could to ensure we provided a safe and secure shopping environment. We were going to take care of our teams during this time of crisis and we've asked people to make sure that they weren't stocking up with more product than they need. I personally asked a few times, "Buy what you need for the next 10 days, not the next 10 weeks because we'll still be there and supply chains will continue to flow."

But we've tried to make sure we made a commitment to the consumer that we'll be there when you need us. That we'll continue to operate our stores and supply product through our procurement channels. We'll make it really easy and safe for them to shop our stores or order online and pick up in store or one of our drive up facilities across the country. Or they simply pull into the parking lot and we put it in their trunk. Or if they need a personal shopper, we've got 100,000 people across the country who will go shopping for you and if you just need something shipped to your home, we're there for you.

So we've tried to make sure we bring some calm and confidence that during this time of crisis. I think our teams have responded incredibly well. They'd been the front line heroes.

**SAFIAN:** At the beginning of our talk, you said that months ago you started looking at supply chains in China to make sure things were running okay. For consumers who may be anxious

about this, as you look at the supply chains now, you don't see things that are not manageable. You don't see anything that makes you particularly anxious about what that supply chain looks like for the months ahead.

**CORNELL:** Bob, both from a global standpoint and a domestic standpoint, supply chains are working, goods are flowing. I think one of the concerns Americans had is they saw empty shelves and it was because unfortunately people did start hoarding certain products and we had to put limitations in place. But you're starting to see those shelves fill up with those household essential products that people need. The supply chains are working well. It's unprecedented demand because things have shifted for food and beverage products in the past, about half of America's food and beverage was consumed outside of the home. Now the majority of it is taking place right in your home, it's coming out of your kitchen.

So you're seeing obviously much more demand from the retail side than you did from the food service side in the past. We're still adjusting to that. But manufacturing is working, supply chains are flowing, and we're getting the essential products we need. Supply chains will work. We're not going to run out of food or essential items. I'd still ask them to just buy what they need for the next few days, not stock up for the next 10 weeks or 10 months, which we certainly saw happening late in February and early in March.

**SAFIAN:** Great. Brian, is there anything that you wanted to talk about?

**CORNELL:** Bob, I'd only end by thanking the over 350,000 team members that have been out there each and every day. They are the heroes. They are the ones that are really doing all of the hard work to make sure that we provide those essential services. I can't thank them enough for what they're doing each and every day and our team for the leadership they provided throughout this crisis.

**SAFIAN:** I love hearing you, Brian. You stay calm, you're calm and focused and I know it's not easy to stay calm and focused in this environment when things are changing this much.

**CORNELL:** I appreciate that. Good to see you today.