Target announces layoff of several thousand workers in US

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On Tuesday, the retail giant Target announced that it planned to cut several thousand jobs over the next two years as part of a restructuring that will free up $2 billion in costs to be invested in bolstering its online business. Chief Executive Officer Brian Cornell said about the planned layoffs, which will mostly occur at its Minneapolis headquarters, that "cutting *complexity* at headquarters will make us more competitive" (emphasis added).

The restructuring is part of a "revival plan" outlined by Cornell, which purportedly will drop about $2.1 billion into a handful of key product lines, the development of smaller urban stores, and the improvement of the company's e-commerce. Target executives unveiled a five-year plan where half of that amount, $1 billion, will be spent on digital capabilities, including services that will improve sales obtained through smart-phone shopping.

Target, which has consistently lagged behind its competitors in online revenue, rewrote 75 percent of the code in its e-commerce platform in 2014, and offered free shipping during the winter holiday season in order to better compete with Amazon, Wal-Mart and Best Buy. Its holiday sales rose 3.8 percent, the highest increase in three years. The restructuring will enable 350 of its 1,800 stores, up from 139 that have the capability now, to ship online orders by October.

The company projects sales growth of 1.5 to 2.5 percent this fiscal year and claims it will have the capacity to buy back up to $2 billion worth of its own shares this year and $3 billion annually in following years. Target CFO John Mulligan told Wall Street that he expected digital sales to rise by 40 percent this year.

The restructuring announcement comes just two months after Target Canada declared bankruptcy, closed all of its 133 retail outlets in the country, and laid off 17,600 workers. The push into Canada was spearheaded by former CEO Gregg Steinhafel who invested $7 billion in the expansion in less than two years. The company recorded losses of at least half that amount.

Steinhafel was fired last May, but was still allowed to remain on the executive board for several months as an "advisor" and was provided with a severance package of $61 million. However, only $15.9 million was initially disclosed due to limitations on cash paid up front. Obscured was his acceptance of a further $33.1 million in non-qualified deferred compensation, $1.2 million from a pension that he didn't have to pay back and $10.8 million in stock options.

The total amount exceeded what all 17,600 Canadian workers received as severance combined, and will also likely exceed severance paid to the new crop of displaced workers, many of whom are new or part-time employees who will not even receive unemployment benefits from the United States government.

Many other companies have announced layoffs in recent months. In August, Scientific Gaming Corp. bought the slot machine manufacturing company Bally Technologies and announced that it will lay off one fifth of its employees in order to save $83 million. In December, KBR, the Houston engineering and construction company, announced a major restructuring of its business that would eliminate 1,000 jobs. The company stated that it aimed to "simplify the structure, reduce overhead costs and create a more market-focused business."

Oilfield services company Weatherford International announced last month that it planned to lay off 8,000 workers, 15 percent of its employees, in order to reduce spending following the recent sharp drop in oil prices. They expect to save around $350 million annually.

CEO Bernard J. Duroc-Danner stated that “we are ready to react swiftly to a dramatically changing landscape.”

Other energy-related companies have made similar announcements that bring the total number of known oil-worker jobs lost to nearly 30,000. BP announced in January that it would be laying off workers due to slumping oil prices, but declined to disclose how many jobs would be cut. Halliburton announced last month that it will cut between 5,200 and 6,400 jobs as oil and gas production slows down. Baker Hughes revealed in January that it will lay off 7,000 workers, and Schlumberger announced that it would lay off 9,000.