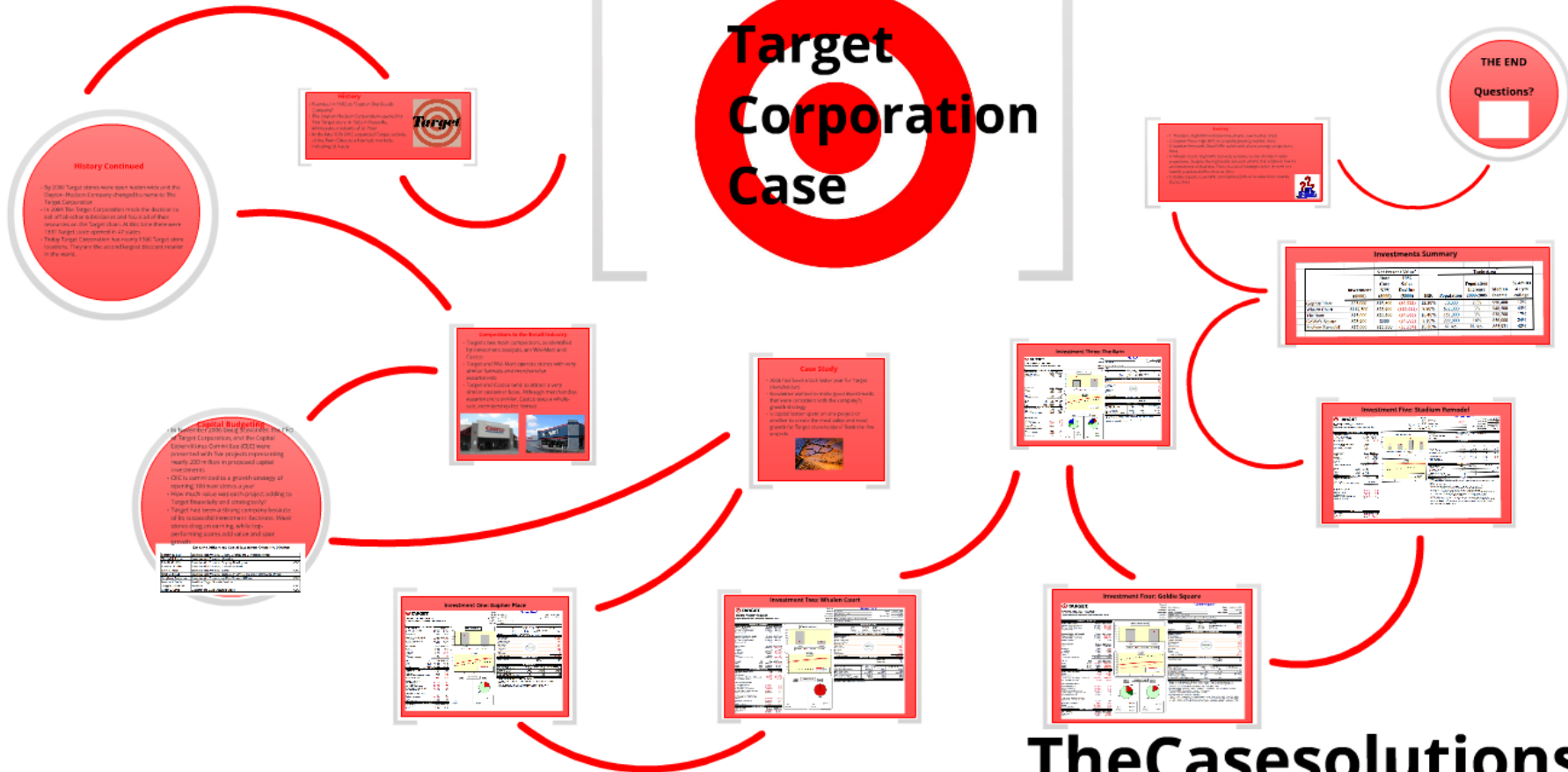


# Target Corporation Case



A large red bullseye target graphic with three concentric circles. The text is centered over the target.

# **Target Corporation Case**

## History

- Founded in 1902 as "Dayton Dry Goods Company"
- The Dayton-Hudson Corporation opened its first Target store in 1962 in Roseville, Minnesota, a suburb of St. Paul
- In the late '60's DHC expanded Target outside of the Twin Cities to a few test markets, including St. Louis



## History Continued

- By 2000 Target stores were open nation wide and the Dayton- Hudson Company changed its name to The Target Corporation
- In 2004 The Target Corporation made the decision to sell off all other subsidiaries and focus all of their resources on the Target chain. At this time there were 1397 Target store opened in 47 states
- Today Target Corporation has nearly 1800 Target store locations. They are the second largest discount retailer in the world.

## Competitors in the Retail Industry

- Target's two main competitors, as identified by investment analysts, are Wal-Mart and Costco
- Target and Wal-Mart operate stores with very similar formats and merchandise assortments
- Target and Costco tend to attract a very similar customer base. Although merchandise assortment is similar, Costco uses a whole-sale, membership-fee format



## Capital Budgeting

- In November 2006 Doug Scovanner, the CFO of Target Corporation, and the Capital Expenditures Committee (CEC) were presented with five projects representing nearly 200 million in proposed capital investments
- CEC is committed to a growth strategy of opening 100 new stores a year
- How much value was each project adding to Target financially and strategically?
- Target had been a strong company because of its successful investment decisions. Weak stores drag on earning, while top-performing stores add value and spur growth

**Executive Officers and Capital Expenditure Committee Members**

Timothy R. Baer	Executive Vice President, General Counsel, and Corporate Secretary	
Michael R. Francis	Executive Vice President, Marketing	
John D. Griffith	Executive Vice President, Property Development	CEC
Jodeen A. Kozlak	Executive Vice President, Human Resources	
Troy H. Risch	Executive Vice President, Stores	CEC
Janet M. Schalk	Executive Vice President, Technology Services and Chief Information Officer	
Douglas A. Scovanner	Executive Vice President and Chief Financial Officer	CEC
Terrence J. Scully	President, Target Financial Services	
Gregg W. Steinhafel	President	CEC
Robert J. Ulrich	Chairman and Chief Executive Officer	CEC

## Case Study

- 2006 had been a lack luster year for Target shareholders
- Scovanner wanted to make good investments that were consistent with the company's growth strategy
- Is capital better spent on one project or another to create the most value and most growth for Target shareholders? Rank the five projects

