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Kmart plans to cut store jobs

Retailer will announce changes to workers this week after completing a major staffing review.

Tenisha Mercer / The Detroit News

Employees at Kmart stores in Metro Detroit and across the country are bracing for layoffs as the retailer prepares to announce changes to employment levels at many of its 1,400 locations.

The moves will be the latest blow to Kmart workers, who have suffered though a Chapter 11 bankruptcy filing, numerous stores closings and reduction in full-time positions in recent years. The cost-cutting has only intensified since the discount retailer merged with Sears Roebuck & Co. last year in a deal that created Sears Holdings Corp.

Chris Braithwaite, spokesman for Hoffman Estates-based Sears Holdings, confirmed Tuesday that the company will announce changes affecting employees in the next few days. Braithwaite said some stores will cut jobs, others will add employees and staffing at some locations won't change.

Braithwaite wouldn't estimate how many employees will be affected. "Every year, stores go through a review of staffing needs to determine if they are staffed appropriately," he said.

One store manager who asked to remain anonymous told The Detroit News that he has to lay off nearly 10 full-time employees this week, and other store managers he has spoken with plan to take similar actions.

The manager said he understands that several thousand jobs will be cut across many of Kmart's 1,400 stores, including more than 25 locations in Metro Detroit. Kmart employs about 133,000 workers, according to its Web site.

The News obtained a list of talking points the company e-mailed to store managers to help them explain the job cuts to employees.

"As you may have heard, this morning/afternoon some of your fellow associates are no longer working with us," the e-mail said. "I realize it's never easy to say farewell to colleagues

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and friends, but for us, for Kmart and for Sears Holdings to grow and stay relevant to our customers, we must continually evaluate how we can operate most efficiently and effectively."

The e-mail said the "difficult but necessary" moves come as a result of a thorough review conducted over the past several months to "ensure our staffing model positions us for long-term success and is aligned with that of our key competitors. This change will impact a small number of associates in most Kmart stores."

Some stores affected by Hurricane Katrina will be exempt from the cuts, according to the e-mail, which Brathwaite described as an "initial draft" that will be revised.

Kmart employees who lose their jobs will have the opportunity to reapply for open positions, the e-mail said.

"It is essential that we not let today's news distract us from the important work of serving our customers," the e-mail said.

Anxious Kmart employees have posted messages on Internet chat rooms in recent days warning that the retailer would cut employees and possibly shrink its number of full-time staff in favor of part-time employees.

Brathwaite would not comment on full-time positions.

Kmart, like many other retailers, pares seasonal help and reduces work hours for full-time employees after the holidays. But the upcoming changes are anything but routine, said Farmington Hills retail analyst Kenneth Dalto.

"They strategize every year, but they don't make these kinds of (changes)," Dalto said. "They need to bring expenses in line with their revenue, and cutting employees is the quickest way."

Retail analyst Howard Davidowitz said the cuts at Kmart stores were inevitable. Kmart and Sears have struggled to compete against large rivals such as Wal-Mart Stores Inc. and Target Corp.

"You can cut inventory and promotions," said Davidowitz, chairman of Davidowitz & Associates in New York, "but if you don't cut help, you go out of business. When you continue to lose market share like Kmart has done, all you can do is keep cutting costs."

The changes at Kmart come as Sears Holdings Chairman Edward S. Lampert -- an investment whiz with a knack for turning around troubled companies -- takes a broader roll at Sears Holdings. Lampert drastically cut costs at Kmart, trimming inventory and improving stores, after becoming a majority investor in 2003.

The company has relocated or cut most of the employees at its former headquarters in Troy.

Last month, Lampert backed away from an aggressive plan to convert 400 Kmart stores into Sears Essentials -- a smaller, off-mall shopping format -- intended to drive growth at the company.

For the third quarter ending Oct. 29, same-store sales at Kmart fell 2.8 percent, while sales at Sears fell 11 percent.

Kmart closed nearly 600 stores and cut 57,000 jobs before emerging from Chapter 11 bankruptcy as a new company in May 2003.

The cuts at Kmart come as retailers nationwide try to shake off a mediocre holiday selling season. Despite aggressive discounts, sales at Wal-Mart, the nation's largest retailer, rose 2.2 percent in December at U.S. stores open at least one year.

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