



## Federated legacy: The retail giant that turned into Macy's Inc. casts a long shadow on Cincinnati

'Because of them we have a quality of life here'

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CINCINNATI — Macy's Inc. gave Cincinnati a stick Tuesday. Here's the carrot.

“(The) headquarters building Downtown will be a very compelling carrot to attract another corporate headquarters or major office presence,” said John Boyd, principal of Boyd Company Inc., a site-search consultant in New Jersey.

Although Macy's left for New York City, Boyd said other companies are actively looking to place jobs in lower-cost cities. Cincinnati could be in a good position to capitalize on the trend.

"There are a number of exciting projects, particularly in the banking and finance sectors, as companies continue to decentralize away from high-cost banking hubs like New York and Chicago, San Francisco," he said. "The pharmaceutical industry, also advanced manufacturing, companies are re-shoring operations back to the U.S. because of the cut in the corporate income tax rate and their desire to do business with the federal government."

Boyd said Cincinnati hasn't lost its luster as an HQ city despite the loss of Macy's and the recent acquisition of AK Steel Corp., two of the region's coveted Fortune 500 companies.

"Cincinnati still has a reputation as a head-office city, especially within the context of the Midwest," he said. "Global executives are sophisticated. They can walk and chew gum at the same time. They realize Macy's consolidating its headquarters operations into New York City is not an indictment on Cincinnati. This has everything to do with Macy's having to cut costs and be viable."

The impact of Macy's announcement came into focus Wednesday as people who relied on the venerable retailer digested the news.

"It's sad. It's always a wake-up call," said former Cincinnati Councilman Jim Tarbell. "There's no question about how important they have been and what a huge gap this presents for the moment, but because of them, we have a quality of life here that is extraordinary. That will continue so long as an excuse to stop and say, 'Oh, now what?'"

Tarbell said Macy's predecessor, Federated Department Stores Inc., had a huge impact on Cincinnati's development because its top executives were civic giants here, starting with the company's founder, Fred Lazarus Jr.

Tarbell said Lazarus and his wife, Irma, served on countless local boards and formed relationships all over the region.

"They were inseparable," he said. "They were always together. I don't care what the event was, including Arnold's, my old saloon. They were there — like every Thursday night, I think it was — when the Arnold's All-Star traditional jazz band was playing, dancing their fannies off. So, they were real renaissance people."

The Lazarus family built Federated into the country's largest department store, developing a national reputation for strong local management teams that stocked store shelves with merchandise that varied by region and marketing budgets that sponsored major community events. Federated was known for its real estate and research prowess and it helped cultivate Cincinnati's reputation as a retail mecca.

“When I was with Federated, truly the hub of American retail was Cincinnati, Ohio,” said Stan Eichelbaum, who left Federated in 1989 to form his own consulting firm, Marketing Developments/Planning Developments Inc., now based in Florida. “Not just Federated, but we had research firms. We had the largest retail design firm. We had Casual Corner, Lenscrafters, the grocery chains, Thriftway, Bigg’s and Kroger. The economic base of the city, a substantial part was driven by retail as a major industry.”

Here’s another measure of the company’s impact: The Cincinnati USA Regional Chamber of Commerce has awarded 154 “Great Living Cincinnati” awards since 1967 to honor civic leaders who had a lasting impact on the city. Four of them have gone to Macy’s or Federated executives.

The list includes Fred Lazarus Jr., who founded Federated and moved it to Cincinnati in 1945, and Ralph Lazarus, its CEO from 1966 to 1981. Former Macy’s General Counsel Tom Cody won the award in 2013, in part because of his leadership on the board of Cincinnati Children’s Hospital Medical Center. James Zimmerman, who steered Federated through bankruptcy and led the acquisition of Macy’s in the 1990s, was named a Great Living Cincinnati in 2012, in part for his role in helping Cincinnati recover from the 2001 riots.

Here’s an excerpt from Zimmerman’s bio on the Great Living Cincinnati web page:

“In the months after the 2001 riots, the Cincinnati Community Action Now Commission (CAN) identified a core concern of improving the prospects of at-risk, preschool children. Recognizing that 80-90 percent of all brain development occurs before a person reaches six years of age, James Zimmerman volunteered to chair Success By 6, although he began with admittedly very little knowledge about early-childhood development.”

Only one other local company, Procter & Gamble Co., sports more Great Living Cincinnati recipients among its former executives.

On its way out the door, Macy’s sent signals that the Cincinnati closure will come with silver linings. Most of the 500 jobs leaving downtown will find their way to Springdale, and its Mason call center plans to hire 600 new employees this spring. Macy’s “will proudly continue its support of organizations in Cincinnati, continuing the legacy of a strong vibrant partnership.”

As if to emphasize that point, Artswave put out a press release Wednesday announcing Macy’s as the lead sponsor of Artswave Days for its 15th straight year. The annual event will offer five days of free events in 2020, allowing Cincinnati residents to sample Cincinnati’s arts and culture amenities with the goal of boosting donations to the group’s annual fund drive.

Artswave vice president Kathy DeBrosse said it’s hard to know what Macy’s departure will mean for her organization after that.

"We do know that the support for the arts through Artswave is one of their largest sponsorships throughout the nation. They've shared that with us. They've talked about how important it is for the arts to be strong in their communities," DeBrosse said. "I have to believe, from the generosity of Macy's, they will continue to be very invested in Cincinnati. We've had a wonderful and strong relationship with Macy's, and they've understood what arts do for the region."