Beat: Business

U.S. discount franchise Family Dollar to cut jobs, close 370 stores

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USPA News - The discount store franchise Family Dollar will cut jobs and close approximately 370 underperforming stores across the United States due to a decrease in sales, the company announced on Thursday. Net sales of Family Dollar Stores for the second quarter of fiscal year 2014 were $2.7 billion, compared to $2.9 billion in net sales during the same period last year.

Diluted shares have decreased too, with a drop from $1.21 to $0.80. "Our second quarter results did not meet our expectations," said Family Dollar Stores, Inc. Chairman and CEO Howard R. Levine. According to the company, one of the main reasons for the financial decline in 2014 is the unusually harsh winter weather across the United States. "Like many retailers, our second quarter results were significantly impacted by severe winter weather, which resulted in numerous store closings, disrupted merchandise deliveries and higher than expected utility and store maintenance expenses," Levine said. To improve the discount store`s performance, the company plans to decrease prices on approximately 1,000 basic items, close an estimated 370 underperforming stores, and reduce the overall work force. "We are not satisfied with our results, and we hold ourselves accountable for improving our performance," said Levine. The workforce reductions and store closures are expected to cost an estimated $85 million to $95 million during the second half of fiscal year 2014. This will eventually translate into $40 million to $45 million of annualized operating profit benefit, according to the company`s expectations. It was not immediately known how many employees would be laid off. "As the environment remains challenging, we are adjusting our growth plans to ensure that we are allocating resources to initiatives with the highest potential for value creation," Levine added. He said he is confident these changes will enable improvement in the company`s execution and deliver higher shareholder returns. Family Dollar has been around for 54 years and is described as "providing value and convenience to customers in easy-to-shop neighborhood locations." They are located in urban and rural environments across 46 states with currently around 8,000 stores, employing about 50,000 people.

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