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Executive Search & Board Advisory

## 14 LESSONS FROM SAM WALTON

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*"There is only one loss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else." Sam Walton*

Sam Walton is the founder of Wal-Mart. He was born in 1918, in Kingfisher, Oklahoma. As a teenager, he experienced the hardships of the depression and the need to be careful with money. Returning from service in World War Two, he bought a Ben Franklin variety store in Newport, Arkansas. He set about buying in volume, and selling at a lower price than his competitors but in greater volume. He grew his business to 15 stores becoming the largest independent variety store operator in the United States. He opened his first Wal-Mart July 2<sup>nd</sup>, 1962 in Rogers, Arkansas. By the time of his death in 1992, he had 1,960 stores and employed over 380,000 people with annual sales of approximately \$50bn. He built the world's largest retailer and was noted for his folksy style and people first ethic.

Some lessons we can learn from Sam Walton:

### **1. He had and shared a vision.**

His vision was to reduce the cost of living for people who shop in Wal-Mart stores and do it with a group of people who believe in his vision. There was an absolute alignment of people and purpose.

## 2. Have Curiosity.

Sam started experimenting in the Ben Franklin stores, he learnt what does and does not work, and began to develop outstanding sales records. As a result, he was offered more and more opportunity with Ben Franklin, always honing his skills and applying them later to his own stores, Wal-Mart.

## 3. Stick To The Basics.

Sam Walton held himself to a set of values and wasn't one to follow the newest management fad or lingo. He believed that hard work and adhering to his principles would pay off. He committed to his business, loved his work, brought passion to his work and it obviously rubbed off. Sam Walton listened to others but importantly to himself. He chose to ignore the negativity from critics, trusted his intuition and listened to his customers.

## 4. Working Together.

He believed people are the most important asset and genuinely cared about people. His simple philosophy was ensuring that if you want the people in the store to look after the customers, the leaders have to make sure you're taking care of the people in the store.

## 5. High Standards and Motivate.

Sam Walton had high standards for himself and for those who worked with him. According to Sam, "high expectations are everything". This goes back to his vision; he didn't cut corners or go for the quick fix. He recognised money wasn't the only driver, he set high goals and encouraged competition amongst his staff and kept score. He liked to keep everybody guessing and up for the challenge, creating excitement and passion.

## 6. He Didn't Have All The Answers.

Sam Walton had a reputation for walking the floor and for engaging his employees at all levels and listened intently. He wanted to understand what they were seeing, what their perspectives were and what they felt the customer was experiencing. He also followed his competitors closely, finding out what was working for them and if appropriate adopting their ideas. He was a student of his industry.

## 7. Provide Opportunity, Share Your Profits.

Sam Walton shared profits with his staff, in the belief they should be treated as a partner, and together the business will unite, and outperform the competition.

## 8. Communicate with your team.

Sam Walton continually communicated with his staff, thinking "the more they know, the more they'll understand, and the more they'll care". Information is power, and it can empower the workforce, and was a critical element of his success.

## 9. Let Your Team Know Your Appreciation.

Sam made sure that his employees knew that he valued their contribution. He felt it kept everyone motivated, ensuring they felt important and part of the Wal-Mart team. He would instil confidence and was of the opinion if his associates believed in themselves “then it was amazing what they could accomplish”.

## 10. Celebrate success.

Sam Walton recognised if he was to fulfil his dream then he had to work incredibly hard, take risks and never quit. He mortgaged his home and borrowed to open his first Wal-Mart store. He experienced challenges along the way and failed, but knew with persistence, good people and sticking to a clear vision, obstacles would be overcome. He found humour in his failures as he expected them as part of the journey, and did not let them deter him from his goal.

## 11. Listen to your staff.

Sam Walton was a firm believer that his associates, on the shop floor knew what was going on. They were in front of the customer and as such were his ears and voice. He wanted a culture that encouraged news being shared. With that, he encouraged accountability and responsibility, and was able to have information passed up and down the corporate structure. Tactics could be altered at speed to beat the competition and achieve success.

## 12. Exceed expectations.

A very simple thought, but not always easy to execute: give the customer what they want and a little extra. Make sure the customer knows Wal-Mart appreciates them. In his words, “the two most important words I ever wrote down on that first Wal-Mart sign, Satisfaction Guaranteed, they’re still up there and have made all the difference”.

## 13. Control your expenses better than your competition.

Sam’s thoughts were “You can make a lot of different mistakes and still recover if you run an efficient operation.

## 14. Swim upstream.

Go the other way, ignore the conventional wisdom. If everyone else is doing it one way, there is a good chance you can find your market by going in the opposite direction. He believed in innovation; he encouraged technology, he thought about the customer and stuck to the basics. He was prepared to think differently and had confidence in himself and his team.

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Gregory Robinson, Managing Partner, Blenheim Partners commented, “Sam Walton had a vision about a discount retail store and had a reputation for a tough and demanding style. He was known to start work at 4:30 am and had high expectations of others. He was not afraid to alter his tactics, take risks and change his staff if they weren’t delivering on their numbers. He had a clarity of mind and purpose and a tremendous ability to execute his dream. He had conviction and incredible self-belief.”

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