

2

BOOK REVIEW

Sam Walton: Made in America

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The book is more an autobiography of Sam Walton. The book starts with Sam's childhood, stretches itself to formation of Wal-Mart and then to its phenomenal success.

Sam Walton – The Personality

One would definitely run short of words to describe the personality of Sam Moore Walton, who had an indomitable “never say never attitude”. It was his unconquerable passion for success in his assignments that kept him second to none allthrough his career. The book narrates the story of the man behind Wal-Mart's incomparable success – Sam Walton – an embodiment of his humility and down-to-earth attitude. He lived an ordinary life keeping himself away from the glitterati of the riches. Integrity, humility and discipline in life were in the DNA of Walton Family. Sam had several things to learn from his father Thomas Gibson Walton, who was a multi-faceted, hard-working and disciplined businessman into a variety of businesses viz. banking, farming, insurance, real estate, etc. Hence, we can observe that Sam had inherited the sense of running and expanding a business to a great extent. Sam was introduced to the practice of buying and selling commodities at the tender age of 12 when the country was passing through the great depression. It struck to Nan Walton to sell milk bottles,

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and Sam's job was to milk the cow and supply the milk to the customers. Sam, at a very early age realized his responsibility as a member of the family. He realized that he should also contribute to the well-being of the family. Sam in this book says that the early realization, the family practices and the lessons from parents helped him understand the value of a dollar and the efforts to earn it.

Respect Towards the Dollar

In addition to being adjudged the richest American by the Forbes magazine in 1985, Sam has been equally famous for his incomparable thrift. Sam was brought up in an environment where the value of each dollar earned and spent was understood and the same was made to be known to members of the family. Sam didn't hail from a rich background, however he never considered it to be a drawback. The author asserts that he learnt the lessons of economy and thrift right from his childhood. He adhered to the same throughout life. Though, Sam might have been the richest American in later years, but his ideal towards money, his thought process before spending and his respect towards thrift never changed. The lavish, extravagant style of living never lured him. He calls himself rich, if he has enough groceries, a nice place to live, a room to keep and feed his pets, a place to play tennis and the means of pursuing good education for his kids. Sam had a tendency to live by the necessities, and not by luxuries. One might argue that if Sam doesn't want to boast of his richness, why does he own Airplanes one after the other? Yes, it is a fact that Sam Walton had owned as many as eighteen aircrafts over the years, but every purchase had an appropriate business reason (which we shall discuss in the latter part of the text) and no personal desire. While not being lavish and extravagant, Sam cannot be mistaken for a penny-pinching businessman. Sam did not have a second thought when the spending was for business or business-related matters. Wal-Mart meetings were convened at quite costly places like Ritz Carlton, Del Coronado, etc. All that it conveys about Sam Walton is that he was disciplined to treat money in a judicious and rational manner, depending upon the requirement, necessity, relevance, viability and feasibility. And none of these criteria could make Sam lead an extravagant life with the glitter of wealth. Sam never had the desire to hog the attention or to occupy the center stage among the rich, despite being the richest.

In this respect Charlie Baum, one of the early partners of Wal-Mart, had said that money, in some respects, was almost immaterial to Sam. Rather, he used to get motivated by the very desire to be at the top of the heap. He treated money-making only as an incidental development and not as an intentional operation.

Self-Motivation is the Ultimate

“I don’t know what makes a person ambitious, but it is a fact that I have been over blessed with drive and ambition from the time I hit the ground”, says a self-motivated Sam, who did not believe in anything other than the best in whatever he took on. Motivation, however self-driven it may be, requires someone, an outsider, to make one realize his potential. In the case of Sam, it was his mother who always wanted him to do his best in whatever he took up. Since childhood, Sam had inculcated the habit of identifying where his interest lay and pursued it with passion. Since childhood, Sam had made winning a habit. He made excellence a philosophy of life and it was an obsession for him.

Passion to Lead

Sam recounts his childhood experiences in this book. The passion to lead was an innate trait of Sam Walton. Sam cultivated leadership qualities. Sam says about himself, “I don’t know what makes a person ambitious, but it is a fact that I have been over-blessed with drive and ambition from the time I was born”. Sam found himself in a leading role whenever he was in a group. Sam was hell-bent on achieving what he had resolved to achieve. One such instance was his bet with his classmates on making it to the Eagle Rank in the Boy Scouts. And eventually Sam turned out to be the winner by making it to the Eagle Rank at the tender age of 13, registering himself as the youngest Eagle rank holder in Missouri. Sam reveals: “My boyhood episodes have helped me realize now that I’ve always had a strong bias towards action – a trait that has been a big part of Wal-Mart story.”

In one of his early schools, Hickman High School, he was President of the student body and was active in a lot of clubs. Here, he was voted the most versatile boy. Sam emerged as an excellent motivator with a deadly competitive spirit to emerge second to none. Sam recognized at an early age that the key to successful leadership is to establish friendly relationship with all. Hence, he made swift

move at making and maintaining relationships with fellow beings. Sam, in this book, says that one of the secrets of his leadership was 'Speak to people coming down the sidewalk before they speak to you'. This was Sam's leadership mantra. This, as Sam shares, more people know you than anyone else and Sam in a very short time was a friend of many in his college. Sam with his competitive spirits, his go-getter attitude and friendly and motivating gestures could become the Captain and President of Scabbard and Blade, the Elite military organization of ROTC. An article wrote about Sam in Fraternity Newspaper: Sam is one of those rare people who knows every janitor by name, passes plates in church, loves to join organizations... Sam's ability to lead has been the cause of much ribbing. His military uniform has let him be called "Little Caesar". Sam always believed in self-reliance. He would spare no opportunity, which promises to pay for his expenses. Thus, Sam in most part of his childhood, did not depend on his parents for expenses. He had the maturity to empathise with the financial constraints of his parents, during the depression, and hence he always indulged in exploring moneymaking avenues. Selling milk and supplying newspapers were among his early passion to self-reliance. He never judged the task by the nature of the work. Whatever the work, Sam would put his shoulder into the wheel and emerge successful. He displayed his passion for leadership even when he was selling the *Columbia Missourian* newspaper. In a short span he was adjudged the chief salesman, as he could sell more than any body else. Ezra Entekin, former circulation Manager of The Columbia Missourian, said: "He did a lot of other things besides delivering newspapers. In fact he was a little bit scatterbrained sometimes. But Boy, when he focused on something, that was it."

Such an indefatigable childhood well groomed with the characteristics like self-reliance, hard work, entrepreneurial orientation, passion to lead and excel was Sam Walton's. Sam imbibed these characteristics and inculcated them as a set of inalienable ingredients while leading in the times to come.

Sam' Exposure to Retailing

Some of Sam's early days in retailing are well narrated in the book. Retailing was not Sam's first career crush. In fact retailing was nowhere near Sam's dreams as a career though he had all those that it takes to sell your product. He always wanted to become an insurance salesman and he was confident that he could sell it

successfully. But, destiny had something different, certainly something better, for Young Sam, which took him to the zenith of his career. Due to shortage of money to pursue university education, Sam applied for jobs in companies viz., Sears Roebuck and JC Penney in 1940. He got offers from both retailers, however, Sam accepted JC Penney's. There begins his association with the retailing as career. Sam would leave no stone unturned wherever there is a scope to learn. He would suck every bit of learning and apply it in his ventures. Sam had the passion for retail and the deft to sell things. He honed these born-skills with his 18 months experience at JC Penney, from his superiors like Blake, Duncan Majors and James Cash Penney himself. After a short stint with retailing, he attended to his responsibility towards the country when he joined ROTC in early 1942. Sam may have left retailing for a shortwhile, but the passion towards retailing would not leave Sam. Even during his service at ROTC (during the last year of service), Sam used to visit the nearby library and read everything available about retailing and observed the nearby retail stores to understand their management, the method of organizing and the scope for improvement.

After his Army Service, his passion drove him back to retailing, this time with bigger plans than being an employee. Sam, by now, was confident of setting up something on his own. Hence, he planned something entrepreneurial. He opened his store called Ben Franklin, which was a franchisee of Butler Brothers. With the seed capital of \$25000, Sam started running the Butler Brothers Franchisee, Ben Franklin. All the support Sam had was his confidence and belief with absolutely no experience in running a variety store. However, Sam had constant vigil over the competitors, and used to check their strategies, prices, packaging etc. In this regard Helen (Mrs. Sam Walton) had this to say: "Sam was always there checking on John. Always looking at this process, displays, and what was going on. He was always looking for a way to do a better job." The hands-on experience of running the Ben Franklin store helped Sam immensely in taking the Wal-Mart stores to new heights of retailing. Sam learnt the 'dos' and 'don'ts' of running a franchise store and applied them consciously at Wal-Mart. Sam observed closely how franchises work and identified the loopholes in the modus operandi of franchises. At Wal-Mart he wanted to deny discretion to franchisees. The owner, Butler brothers, did not allow much discretion to the franchisees. The franchisees were constantly guided by their norms and procedures to sell the products, which

clipped the wings of the franchisees. But Sam was not the kind of franchisee who would keep mum and be driven by the owner's manual. He soon introduced his style of managing things and began procuring the material. Sam felt that Butler Brothers were unduly exploiting the franchisees by charging 25% more on the merchandise they procured. Sam, with his tendency to experiment with things, roped in a few such sellers who would give the merchandise directly to Sam rather than sell it through Butler Brothers. Along with the buying and the pricing strategies, Sam continued his experiments in promotional campaigns as well, which included a pop-corn store followed by a soft ice cream store in front of Ben Franklin, which was effective in bringing customers in. By dint of his efforts, his innovative experiments and his passion to sell, he converted a loss-making Ben Franklin store into a hot potato of Newport. The YoY of Ben Franklin was galloping with the first, second and third year profits as \$105000, \$140000 and \$175000 respectively. But as the business brings along crests as well as troughs, Sam had to face the low of his business, only because he was successful. He had to pay the price of showing as impressive performance as a retailer and earning an unbeatable reputation in Newport. As a result, the owner of the shop refused to extend the lease due to vested interest, which compelled Sam to leave the city and start things from scratch.

Wal-Mart's Birth

The book gives details about the formation of Wal-Mart. In his second spell of retail business, Sam was a full-fledged businessman, with complete understanding of the nitty-gritty involved in retailing. He had a fair understanding of the dos and don'ts. This time Sam's strategy supported by Helen's advice, was to target the areas with not more than a population of 10,000. Sam chose Bentonville, Arkansas, and without wasting much time, owned a variety store in the town. Sam had set up his first variety store in Bentonville, which was only the third variety store in the entire country and the only one in the city with a self-service culture. Though it was yet another Ben Franklin's franchise, Sam called it *Walton's Five and Dime*. But Sam would not satisfy himself with this. He started looking around for more opportunities with his innovative ideas and experimenting approach, resources and opportunities. In addition to practices like self-service, Sam experimented with aspects like talent hunt and talent management. As a

result of his arduous efforts, passion to sell and determination to withstand in retailing, there came into existence, the first Wal-Mart, in 1962. David Glass, CEO, Wal-Mart, says that Sam had two characteristics that distinguished him from the rest. "One" he says, "he gets up everyday bound and determined to improve something. "Two", he adds, "Sam is less afraid of being wrong than any one I've ever known."

Sam had enormous appetite for risk. It was not an easy go for Sam to open the first Wal-Mart, in which he owned the lion's share i.e., 95% of the stake, by way of pledging houses, property and almost all his material assets. It was a big bet. In fact Sam opened the store out of no other alternative. He wanted to experiment with another idea and in the days to come to make the Wal-Mart the most popular and most visited retail store in the world. The concept was discounting. The practice of discounting, according to Sam, was based on a simple philosophy: "Buy Cheap-Stack high- Sell Low". But others could not envision the potential in the discounting strategy as Sam did, and hence turned down Sam's proposal to open a discount store. However, Sam was confident that the discount stores were the future, with great potential. And his belief and confidence led him to put everything at stake and unveil the first W-A-L-M-A-R-T, which Sam based on two concrete philosophies; *We sell for less, and satisfaction guaranteed*. By early sixties, Sam Walton was a retailer of reasonable scale and size, with over eighteen variety stores and a few Wal-Marts. However, with in course of time, Sam phased out the Ben-Franklin's franchised stores and often converted them into Wal-Mart's discount stores.

Managing Business – Sam's Way

Sam took nothing for granted, never underestimated anyone and was always hungry for opportunities to grow and expand. Despite doing well in his business, he used to visit the competitors and other's stores to know about their modus operandi, their strategies, and he called it part of the educational process. Sam was always shrewd and smart in picking and selling the merchandise. Sam meticulously followed his philosophy: "your stores are full of items that can explode into big volumes and big profits if you are smart enough to identify them and take the trouble to promote them." And Sam was second to none in identifying the potential merchandise, promoting them appropriately and selling them

successfully. The mattress pad called Bedmate was one such unexplored and unexamined item, which turned a hot potato at Wal-Mart. Sam identified it as a potential commodity when it barely received anybody's attention at the store. He purchased and prominently displayed these pads. He used to describe them as the most Fantastic items we've ever had in our stores. To any one's surprise in 1980, Wal-Mart sold over five and a half million pieces of the mattress pads. Another instance that proves Sam's philosophy about merchandise was about the thermos bottles that he identified from the Aladdin company. He found the colored bottles really 'handsome' as he would call them. He had negotiated for long to get them at the best price and sold hundreds of bottles. Moon Pies, the marsh mellow snack, was another item that Sam observed was not getting pushed at Wal-Mart. He saw another store where moon pies were getting sold successfully, and their display of the item was quite appropriate and prominent. Sam adopted the same method, with a change in the pricing. Instead of selling 23 cents a piece Sam chose selling five moon pies for \$1, which was luring customers resulting in Wal-Mart making huge money. Thus, Sam had a perfect knack in marketing as well as financial of his business. He was a 360-degree person, whose radar was always on and busy scouting for improvement of the business, some way or the other.

The book explains how well Sam introduced a very strong and effective culture of merchandising. The employees were also empowered in the merchandising activity. And along with empowerment, they were held responsible for the purchase they made. Sam held Saturday meetings with store managers to critique themselves. The discussion included the dollar commitment towards the merchandise and sales promotion plans. The executives would admit their mistakes and diagnose the various possible reasons for their mistakes. This idea of merchandise planning proved to be effective and gradually Wal-Mart made this practice part of the organizational culture.

One should learn from Sam as to how to capitalize on one's competitors. Sam never treated competitors as rivals. He never chose picking holes in competitors. And, in turn, he used to warn the employees not to look for wrongs. Instead, he always treated competitors as a rich source of learning. He was always in search of good ideas from competitors. According to Charlie Gates, Sam would say "we are

really not concerned with what they are doing wrong, we are concerned with what they are doing right and every one is doing something right.”

The Wal-Mart Culture – The Sam Culture

Sam was totally unlike any other Chairman. Few Chairmen would involve themselves in a meeting every Saturday with its staff managers to discuss business. Sam not only used to conduct the weekly meetings but also used to cheer the employees by raising slogans of Wal-Mart, which he claimed, was his way of waking the employees up. Sam was very particular about the well-being of employees and believed that whatever be the pressures of the business, employees should always be in a state of happiness. Sam encouraged putting forth all their business-related problems in open fora, which can be brainstormed by all. Sam introduced two meetings viz. merchandising meetings on Fridays and problem solving meetings on Saturdays. The employees could place work related issues in either of the meeting. Sam puts it: “Whether it is Saturday morning meeting or stockholders meeting or store openings or just normal days, we always have tried to make life as interesting and as unpredictable. The culture of Wal-Mart, promoted by Sam, was such that it encouraged the employees to break the monotony, think out of the box and act unconventional. The culture ensured freedom of thought and expression to all the employees across the hierarchies.

Sam believed that working hard at Wal-Mart does not mean that it should snatch our happiness and haunt us with stress and tensions. Readers will enjoy reading the simple things that Walton believed in and practised at work to motivate his employees. Sam believed in “Whistle while you work”, which keeps you busy and at the same time happy at work. Sam left no stone unturned in capturing the attention of the employees and keeping them cheered. He was in constant search for those practices in other companies, which could keep employees happy, enthused and energized and motivated. Sam Walton himself used to ensure that the organization was not affected by elements like bureaucracy or red tapism. He was good at breaking barriers so that communication could be swift and authentic. Sam used to create a carnival atmosphere in the stores by conducting frequent gatherings, contests and competition among the employees. The free and flamboyant culture at Wal-Mart prompted the employees to come up with all

possible innovative and out of the box ideas. For example, the Fayetteville store of Wal-Mart claimed to be selling a TV for meagre 22 cents on the occasion of George Washington's birth anniversary. But the catch in the sale was that the lucky buyer had to spot the TV before he claimed it for 22 cents. The Store manager would hide the TV somewhere in the store. And the first person to find it would be the owner of the TV. And as a result of the stunt, the store was filled with almost all the people of Fayetteville and there was a stampede in the store. However, the sales of the store for that day shot up phenomenally. A few more such outlandish initiatives at Wal-Mart for social, motivational and fun purposes were Precision hopping Cart rill Team, Kiss-the-Pig-Contest, Shrinkettes, Pink Tutus etc. Marching Bands, cheer-leading, contests, drill teams, floats were inalienable culture of Wal-Mart, which kept the employees always in a state of high spirits. In addition, these activities helped the organisation and the staff in connecting themselves to the community rather than restricting their relationship to buying and selling of the merchandise.

One more interesting story wherein an accident became an accepted culture at Wal-Mart is the Moon Pie Contest. Once it so happened that John Love, assistant manager, Oneonta store, ordered four to five times more moon pies than he intended which resulted in excess of merchandise and John had to push it somehow or the other. It struck to this gentleman to call for a Moon Pie eating contest that became so popular that now the contest is an annual event at Wal-Mart every fall. All thanks to the levels of freedom Sam offers to his staff to experiment with their ideas and learn lessons from their mistakes. Making the work place filled with fun, excitement, challenges, motivation and unpredictability is the basic touchstone of the Wal-Mart culture under the leadership of Sam.

Sam's Talent Management Tips

The book shares the mantra Sam has been preaching and practising religiously, and which holds good and inevitable to every retailer under the earth: "The secret of successful retailing is to give your customers what they want." Sam believes that the service provider (retailer) must empathise with the needs, and expectations of the customer towards the store. When a retailer attempts to think on behalf of the customer, a few inseparable tenets that every retailer must adhere

to are quality merchandise, lowest possible prices, guaranteed satisfaction from the purchase, friendly attitude and behaviour, knowledgeable service, convenient timings of the store, free and convenient parking facility, and a delightful shopping experience. The book, thus, is an inspiring story of Sam Walton, who inevitably adhered to all the above-mentioned parameters in every store of Wal-Mart and became the favorite store of millions.

Conclusion

“Sam Walton: Made in America”, could be one of its kind reading experience for those who are interested in reading about those business leaders who made it to top after immense struggle. Through this book, Sam shares his work, his childhood struggles, and his experiences as the founder of Wal-Mart – world’s largest retail chain. The book also contains abundant quotes from Walton’s friends, family members, employees of Wal-Mart, and his competitors as well.

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