One of the most unique things about Wal-Mart is that the way you view the company depends on your perspective. Consumers with limited budgets love Wal-Mart, whereas a small business owner running a bike shop a half-mile down the street from a new Supercenter would view it as a threat to their business and livelihood. A company launching a new kind of diaper for infants is going to view Wal-Mart as indispensable, since they sell almost 40 percent of all diapers Americans put on their babies. This guide addresses the challenge of managing our relationship with a company that is, in fact, an institution. Wal-Mart has more power over the U.S. economy and more power over us as consumers, employees and competitors than any single force besides the government itself.

Questions for Discussion

1. Do you agree that shopping can involve “moral” choices? Do consumers have to take responsibility for the impact of how they spend their money? If a product is legal, and is sold in a legally operating store, should you care about anything else?
   - Can you provide any examples where shopping has changed the world for the better?
   - Make the case that shoppers should boycott Wal-Mart to change the retailer’s behavior. What kind of Wal-Mart practice might be influenced by a boycott?
   - Make the case against boycotting Wal-Mart to change the retailer’s behavior.

2. What aspects of the way Wal-Mart does business would you consider admirable? What aspects of the way Wal-Mart does business do you consider less than admirable?
   - Are there any connections between the two lists? That is, do the admirable business practices ever lead, directly or indirectly, to the unappealing practices?
   - Are the lists of admirable and contemptible practices different if you focus on practices that affect suppliers, employees of Wal-Mart, or customers?
   - To whom does Wal-Mart owe its primary loyalty when thinking about how to run its business? Should it weigh the impact of its practices first on its employees, its suppliers, its customers, or the communities where it does business? What about the importance of Wal-Mart’s own financial performance?

3. What behavior would you hope to influence at Wal-Mart by changing your own shopping behavior?
   - Can you make the case that shopping selectively at Wal-Mart, for instance purchasing only organic or “made in the USA” products, is a more moral choice than not shopping there at all?

4. In the final chapter of The Wal-Mart Effect, Fishman argues that we cannot either understand or regulate companies properly, because we don’t know enough about the impact they have on our economy, on workers, and on the environment.
   - Pick three kinds of data, beyond basic financial data, that you think all large corporations should be required to make public about their impact on the world.
   - What kind of impact do you think simply revealing that data would have for many U.S. companies?
   - What kinds of changes in corporate regulation could occur based on what is revealed in this new data?
1. Wal-Mart Wants You. What Do You Do Now?

Part 1 — Invent for yourself a business that might do business with Wal-Mart: a maker of some kind of consumer product, from toothpaste to breakfast cereal to a new electronic gadget. Presume that whatever kind of product your business makes and sells Wal-Mart is the top seller of that product in the U.S., with 25 percent of the market. Your product line is already doing well, and Wal-Mart calls to ask if they can start stocking the product. They’ve requested you come to Bentonville to talk about the details. Now what do you do?

• What kind of research could you do to prepare to visit with Wal-Mart buyers in Bentonville?
• Who could you imagine talking to before deciding whether to sell to Wal-Mart?
• Is there really a decision to be made? Why would you say no?
• What happens if you say yes?

Part 2 — You’ve come back from your meeting with Wal-Mart buyers in Bentonville and they very much want to sell your product in all 4,000 U.S. Wal-Mart stores and potentially make it available around the world at 3,000 additional stores but with some conditions imposed:

• They want to sell your products 10 percent lower than any other retail outlet and pay you 8 percent less than any other customer currently pays.
• They anticipate orders that would increase your sales 50 percent in the first year alone, but you only have the ability to increase your manufacturing 25 percent in the short term; saying yes to Wal-Mart’s business would require you to reduce what you provide to your long-standing business customers.
• Wal-Mart suggests using overseas factories, even though you currently make your products in the U.S., to meet the increased demand.

How do you handle Wal-Mart’s desire to do business now?

5. Since The Wal-Mart Effect came out, Wal-Mart has pursued an aggressive strategy attempting to reduce their environmental impact, as outlined in the afterword of the paperback edition.

Below are four of Wal-Mart’s major environmental goals which have been publicly announced and received extensive press attention:

• Double the gas mileage of its long-haul trucks, from base in 2006 by 2015
• Reduce energy use of newly opened U.S. stores by 30 percent by 2010
• Reduce total packaging of all merchandise sold by 5 percent by 2013
• Reduce energy consumption (per unit of production) in all supplier factories by 20 percent by 2018

The first two are internal to Wal-Mart, assuming that Wal-Mart achieves both goals but doesn’t change any of its other business practices would it affect how you as a shopper view the company? How about how you view the company if you are a potential supplier or maker of “green” products? If you make trucks, would it be a good idea to try to re-design your trucks to meet Wal-Mart’s new requirements? Wal-Mart has said it will share all its innovations in both truck design and energy-efficient store operations with any competitors who are interested. Is it still a good idea to try to design trucks to meet Wal-Mart’s new requirements?

The second two goals involve Wal-Mart persuading other companies to change how they do business. The maker of flat-screen TVs has to find a way to reduce packaging, the maker of chicken-noodle soup has to analyze how much energy each can of soup requires and change how the soup is made to reduce that energy consumption. Both those goals are admirable, so is Wal-Mart using its power to reduce waste in this way a good thing? Is it different than Wal-Mart using its power to reduce prices?

We’ve seen how Wal-Mart’s focus on reducing prices starts out as a great positive, but often has unintended consequences that are very negative. Could the same thing happen with Wal-Mart’s focus on environmental impact? What kinds of negative consequences could result from Wal-Mart forcing suppliers to reduce packaging or reduce their energy use?
Part 3 — At your meeting in Bentonville, Wal-Mart’s buyers showed you samples of products very similar to your own but of lesser quality that they commissioned from overseas factories. The clear suggestion was that Wal-Mart will be selling products like yours either from your company or a competing manufacturer.

- How does that change your decision?
- Is there still a way of saying “no” to Wal-Mart, while maintaining your market share, even if Wal-Mart starts selling similar products at lesser prices? How? Why would you?
- Given all that has happened, what could your business look like in a year? In two years? in five years? if you say yes to Wal-Mart, or you say no?

2. If You Were Steve Jobs: Sell the iPad at Wal-Mart or Not?

Apple is about to launch their most anticipated product since the iPhone: the iPad, the new reading and communications device. Given that Apple does sell a very limited number of products at Wal-Mart, should you launch the iPad at Wal-Mart at the same time you offer it up at your own Apple Stores and at other retailers like BestBuy and Amazon.com? Create two separate teams to make contrary arguments.

Assume that both teams are composed of marketing and sales professionals from inside Apple, that each has full access to Wal-Mart executives, and that each will make a presentation to Apple CEO Steve Jobs about whether to sell the product at Wal-Mart, which models to sell, and in what volumes and setting.

One team will argue that offering the iPad at Wal-Mart is critical to getting the product into as many hands as quickly as possible.

The second team will argue that the specialness, the quality, the “aura” of the iPad will be diminished by having consumers see it for sale in their local Wal-Mart.

As part of preparing their arguments, both teams should visit both an Apple Store and the electronics department of a Wal-Mart store, and should research how Apple traditionally premieres new products and where it sells them.

3. Letting Wal-Mart Open Or Not?

Imagine you are a county commission member in one of the few counties in the U.S. that does not currently have a Wal-Mart. Wal-Mart wants to build a 220,000 square-foot Super-center in your county, and is asking for rezoning permission. Here are some basic facts about your county and the new Wal-Mart:

- Wal-Mart has an option to buy land that includes a rundown and neglected, but historic, mill which they intend to demolish to build their store and parking lot.
- Wal-Mart not only wants rezoning and to demolish the mill, it wants the county government to pay to extend sewer lines to its store site and to widen the major road in front of the store site, as “incentives” for Wal-Mart to bring the store to your county.
- Unemployment in your county is 50 percent above the national average in the recession, between 13 percent and 15 percent, and the new Supercenter would employ 600 people.
- The nearest Wal-Mart for most of the residents of your county is 20 miles away.
- Most residents of the county have below-national-average household incomes, so shopping at Wal-Mart is important for their quality of life.
- County commissioners in your county are elected for two-year terms, and you face re-election within six months after voting on whether to permit the Wal-Mart to be built.
- Your county has zoning rules that would require Wal-Mart to design a store with a more “historic” facade and smaller signs than it usually uses, as well as create green space and landscaped areas in the parking lot. Wal-Mart has already said in its filings that all those requirements would be waived because they would impose extra costs on construction.
- Wal-Mart’s arrival would increase the sales tax revenue to the county, which is your budget, by an estimated 15 percent. Wal-Mart has said that if the county does not meet all its requests, it will still build the store, but just outside the county boundary. If this happens residents will still have a nearby Wal-Mart, but all the tax benefits will go to an adjacent county, and the county’s sales tax revenue will drop an estimated 15 percent, as residents leave the county to do their shopping.
How do you go about deciding whether to vote for or against approving Wal-Mart?
Who could you imagine talking to in order to think through your decision?
If you could negotiate the requirements for construction with Wal-Mart, which things would you be willing to give up, and which would you hold firm on?
Imagine now that you are the deciding vote on the county commission—of the six other members, three are unalterably opposed to Wal-Mart’s arrival, and three are sure to vote for the store. How does that change your deliberations?

4. The Price of Ethics, Inside Wal-Mart

A global coalition of “ethical factories” has been created which guarantees to retailers that factory workers from the “ethical factory coalition” are treated with the standards of the developed world.

The workers are paid 15 percent above minimum wage in their country; they work no more than 40 hours a week and are paid time-and-a-half overtime if they work more than 40 hours; they do not work more than 6 days a week; the factories follow U.S. safety and health standards and pollution rules. The factories are routinely inspected by surprise by a third-party group to make sure all the worker and pollution standards are being followed.

The “ethical factory coalition” focuses on making clothing and toys, to start. And it immediately wins the endorsement and business of two of Wal-Mart’s major competitors, Gap/Old Navy and Toys R Us.

The coalition wants Wal-Mart to commit to purchasing all of its clothing and toys (except branded products) from coalition factories. But the average price of those products would immediately rise 15 percent on Wal-Mart’s shelves. Keep in mind:

- Wal-Mart is the number one seller of both toys and clothing in the U.S.
- Clothing and toys are key “gateway” products of Wal-Mart’s business, bringing in customers who buy other products they were not originally shopping for.
- Wal-Mart is coming off a failed attempt at upgrading its apparel offerings to be more stylish and expensive, and is not aggressively returning to apparel with the lowest-possible prices.
- Wal-Mart has the most extensive factory inspection program of any company in the world: 220 fulltime inspectors, doing 50 or more factory inspections every day around the world. But that program has not prevented factories from mistreating workers, nor has it successfully insulated Wal-Mart from bad publicity about “sweatshop” conditions in the factories where it buys products.

As a senior vice president for buying clothing and toys for Wal-Mart, how do you decide whether using “ethical factory coalition” facilities is right or not? What do you recommend?
Does it matter if the “ethical factory coalition” is an all-or-nothing deal?

You write a memo laying out all the considerations on both sides, along with a specific recommendation. What do you do when the memo is leaked to the Wall Street Journal, which writes a story about the decision on the front page, the day before you present your case to Wal-Mart CEO Mike Duke?

5. You Be the Reporter

If you could ask three questions of Wal-Mart CEO Mike Duke about how Wal-Mart does business right now, what would those three questions be?
How do you imagine Mike Duke would answer those questions?
Some web Links on current topics

**Wal-Mart and Sustainability:**

*New York Times, Wal-Mart Pushes for Sustainability Labeling of Consumer Products*

The University of Arkansas’s announcement of the sustainability partnership with Wal-Mart
http://sustainability.uark.edu/15347.php

The sustainability / labeling / best-practices consortium Wal-Mart started and is helping to fund, with other consumer product companies
http://www.sustainabilityconsortium.org/


*Packaging Digest story*
http://www.packagingdigest.com/article/340657-Computer_controlled_filler_runs_allFat_levels_of_milk.php

**Wal-Mart and Politics:**

Wal-Mart Opposes Obama, and the ‘Card Check’ Bill To Make Unionizing Easier
http://online.wsj.com/public/article_print/SB121755649066303381.html

*Atlantic Monthly, Wal-Mart’s Effort to ‘Buy Local’ Produce — And a Wal-Mart / Whole Foods Cook-off*

C-Span, Charles Fishman Answers Questions for an Hour on C-Span on ‘Black Friday’ 2009
http://www.c-spanvideo.org/program/290278-6

**The Full-time Wal-Mart Critics:**

“Wake Up Wal-Mart”
http://www.wakeupwalmart.com

“Wal-Mart Watch”
http://www.walmartwatch.com

**Wal-Mart’s Websites:**

Wal-Mart’s “Facts” Site
http://www.walmartfacts.com

Wal-Mart’s Pennsylvania State Page, showing Wal-Mart spent $6 billion in 2009 buying merchandise from Pennsylvania companies

Wal-Mart’s iPhone App