

# Rules of retail

An ordinary man's extraordinary feats.

By Michael Bergdahl

I am fortunate to have had the opportunity to work with Sam Walton, the founder of Wal-Mart Stores Incorporated, in Bentonville, Arkansas, USA. Everyone at Wal-Mart referred to him as "Mr. Sam" out of sincere respect and so do I! Mr. Sam was a truly unique individual and is arguably the most successful entrepreneur in the history of the world.

His company eclipsed 350 billion dollars (USD) in annual sales in 2006 and it continues to grow at a frenetic pace. With almost 7,000 stores around the world and close to 2 million employees, Wal-Mart is a global force to be reckoned with. Interestingly, Sam Walton's goal for Wal-Mart was never to be the biggest company on the planet earth; his goal was to be the best!

As a result of my firsthand experience working at Wal-Mart with Sam Walton I am often scheduled to make keynote presentations at association meetings and corporate functions in the USA and in other countries. The prevailing question I am always asked is, "What makes Wal-Mart, Wal-Mart?" In other words, what is it about the giant retailer that sets it apart from everyone else? What is it about this company that so many other retailers fear in a world of other great retail competitors? In reply to these questions I always respond with the same answer, "It is Sam Walton".

The fact is that if you truly want to understand the world's largest

company you have to understand the leadership philosophies of its founder, Sam Walton, because it is his beliefs and standards that are threaded through and through the company's cultural DNA. Sam Walton's influence on the success of Wal-Mart is so strong that the company's executives, when faced with a leadership challenge, still find themselves asking, "What would Mr. Sam Do?"

I left Wal-Mart after Sam Walton died. I became a business turnaround specialist, and I participated in two business turnarounds. Surprisingly, I found myself using the knowledge I had gained working with Sam Walton in these two very successful business turnarounds; in two very different industries. What really amazed me is that I had worked for PepsiCo's Frito-Lay Division prior to working at Wal-Mart and it is the knowledge I gained from Sam Walton that I used in these turnarounds... not the knowledge I had gained at PepsiCo. As a result of this startling revelation I decided to write a book about my experiences at Wal-Mart about the



leadership teachings of Mr. Sam. I wrote my first book to help retailers, non-retailers manufacturers and suppliers benefit from the knowledge I had gained from Sam Walton. The book is called, *What I Learned from Sam Walton: How to Compete and Thrive in a Wal-Mart World* and it was published in August 2004. In this book I discuss the seven key strategies and tactics of Wal-Mart using the acronym P.O.C.K.E.T.S. which stands for: P rice, O perations, C ulture, K ey Item Promotion, E xpenses, T alent and S ervice. A chapter is devoted to each strategy with specific recommendations provided to the reader to help them compete.

As a result of the success of my first book I ended up writing a second book about Sam Walton. This book was published in June of 2006 and is called, *The 10 Rules of Sam Walton: Success Secrets for Remarkable Results*. The book so accurately depicts Mr. Sam's 10 Rules that Rob Walton, The Chairman of the Board of Wal-Mart, who is Sam Walton's son, wrote the

Foreword for this book. Here is a brief description of the story behind Mr. Sam's 10 Rules:

There is no doubt Sam Walton achieved nothing short of monumental success in business. How did a backwoods retailer accomplish such extraordinary things? What did he discover that others overlooked along the way? How did he come up with so many best practice strategies? What was his roadmap for success? In response to these kinds of questions, Sam Walton developed a list of what he considered the most important rules for success in business and in life. As far as he was concerned there were 10 Key Result Areas which he considered pivotal to his own success throughout his career. These were the business rules by which he ran his company and by which he lived his life. Prominently displayed in the lobby of Wal-Mart's corporate headquarters for all to see, these are the very rules I heard him draw upon, again and again, day after day.

Mr. Sam was quick to point out that his rules for success were for the



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most part, just good old fashioned common sense. His rules can be categorised as one part strategy, one part people, one part risk taking and one part tactical execution. For the sake of simplicity, he described his ten rules for success using the words: Commit, Share, Motivate, Communicate, Appreciate, Celebrate, Listen, Exceed Expectations, Control Expenses and

Swim Upstream. Here then, are the 10 Rules of Sam Walton:

- Rule 1** COMMIT to achieving success and always be passionate
- Rule 2** SHARE your success with those who have helped you
- Rule 3** MOTIVATE yourself and others to achieve your dreams

- Rule 4** COMMUNICATE with people and show you care
- Rule 5** APPRECIATE and recognise people for their effort and results
- Rule 6** CELEBRATE your own and others' accomplishments
- Rule 7** LISTEN to others and learn from their ideas
- Rule 8** EXCEED EXPECTATIONS of customers and others
- Rule 9** CONTROL EXPENSES and save your way to prosperity
- Rule 10** SWIM UPSTREAM, be different, and challenge the status quo

Mr. Sam followed his own rules with passion, rarely deviating from them throughout his life. Each of Sam's 10 Rules are easily understandable by others and can be duplicated by others in their own lives. They do require a high degree of commitment and discipline to successfully

implement. Often it is the breakdown in the execution of personal success strategies like Sam Walton's, not the strategies themselves, which lead to failures. In this book, I take each of Mr. Sam's 10 Rules and as a former Wal-Mart insider, with insights like those of an embedded reporter; I have written the detailed story behind each of them so that you too, can walk in the shoes of Sam Walton! To understand the 10 rules is to understand Sam's coaching playbook. Here is a brief synopsis of each of his rules:

## **1. COMMIT to achieving success and always be passionate.**

Sam Walton was a passionate and committed individual who inspired a similar level of passion and commitment in others. He expected everyone at Wal-Mart to be on the "team" and commit to the goals of the company with passion and zeal.



## 2. SHARE SUCCESS with those who have helped you.

Mr. Sam's belief in these words wasn't just an empty promise; he "walked the talk" by allowing hourly paid employees and front line managers to participate in profit sharing and Wal-Mart's stock purchase plan.

## 3. MOTIVATE yourself and others to achieve your dreams.

Sam Walton knew how important it was to have a motivated team of managers and employees, but even more importantly, he also understood money wasn't necessarily the only way to motivate people. His meetings were fun, inspirational and full of surprises, and he found many innovative ways to motivate people.

## 4. COMMUNICATE with people and show them you care.

Mr. Sam felt that the more his employees knew details about the business, the more they would care. He fully shared confidential financial reports with all of his people, even employees. Sam Walton was also famous for remembering names and the smallest details about employees' families; he desired that all Wal-Mart employees and managers have the same caring attitude.

## 5. APPRECIATE and recognise people for their efforts and results.

Sam Walton liked to showcase examples of his employees who had accomplished something terrific, which he would then communicate

to everyone else in the company as a benchmark or standard. He knew that if one associate could do it, then all could do it. Sam followed through on this rule by often praising the accomplishments of his employees publicly – he believed strongly in "catching people doing things right."

## 6. CELEBRATE your own and others' accomplishments.

Mr. Sam was willing to go a long way to make Wal-Mart different from other retail outlets and to create a fun environment for his employees and his customers. He didn't think company leaders and employees should take themselves too seriously and liked to celebrate milestones, such as a birthday or the birth of a new baby.

## 7. LISTEN to others and learn from their ideas.

Sam Walton firmly believed that everyone who worked in his company had the potential for good ideas and that it was important to ask them to share their ideas and for company leaders to take the time to listen to them.

## 8. EXCEED expectations of customers and others.

It was not uncommon at Wal-Mart to give customers returns on items that had obviously been used, because Mr. Sam believed that if you treated customers well and gave them what they wanted, they were likely to return again and again to shop at Wal-Mart.

## 9. CONTROL EXPENSES and save your way to prosperity.



It was well-known that Sam Walton was proud of the tightfisted persona created by Wal-Mart... cheap is chic at Wal-Mart. Mr. Sam believed that frugality was a virtue; and frugality was practiced at all levels of management at Wal-Mart.

## 10. SWIM UPSTREAM, be different, and challenge the status quo.

Sam Walton purposefully broke many conventional rules for how things were to be done – he believed that by challenging the tried and true ways of doing things, you could often find the competitive advantage.

Mr. Sam's only mistake, in an otherwise stellar career, may be the fact that he never wrote down the detailed story behind his 10 Golden Rules for Success. He listed his rules but he never spelled them out in any detail. He gave us a quick glimpse into the "big box", but only a glimpse. I realise he probably didn't share with all of us the details on purpose. Just like Colonel Sanders at KFC never shared his original recipe, Sam Walton gave us a taste of his personal recipe for success, but not the step-by-step "how to do it" formula.

In this book you will get a glimpse into how "Mr. Sam" lived his life and built his business using strategies and tactics he personally developed the hard way, through trial and error. Whether you are a retailer, manufacturer, supplier, homemaker, college student, professor, recent graduate,

medical professional, federal, state or local government employee, religious leader, athletic coach, business owner, manager, hourly employee or one of Wal-Mart's direct competitors, everyone can learn from Mr. Sam's success formula. Imitation is the sincerest form of flattery, and as Sam Walton figured out, it is also the quickest way to self-improvement.

My goal in writing this book, *The 10 Rules of Sam Walton*, is to give you an insider's perspective into the thought process behind Mr. Sam's genius and the success of the company he founded, Wal-Mart. Much of his focus in becoming successful was on helping those around him to become successful also. Entwined in each of his rules are reoccurring themes about leadership, innovation, common-sense, hard work, simplification, the power of positive thinking and how to treat people. This is why his 10 rules for success are so widely adaptable and applicable for just about anyone. ■

*About the author: Michael Bergdahl is an international speaker, author and business coach. Bergdahl worked in Bentonville, Arkansas for Wal-Mart, as the Director of "People" for the headquarters office, where he worked directly with Sam Walton. It was Sam Walton who gave Bergdahl the nickname, "Bird Dawg"! Previous to Wal-Mart he worked for PepsiCo's Frito-Lay Division in the sales organisation and headquarters staff assignments.*

