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antidisestablishmentWalMartarianism©

Often recognized as the longest word in the English language, "antidisestablishmentarianism" (28 letters) describes an opposition movement, in England in the 1800's, to the separation of church and state. I thought it only appropriate that the world's largest company, Wal-Mart, with the world's largest workforce, have its own even larger word, to describe its own opposition movement. I coined the term, "antidisestablishmentwalmartarianism. (35 letters)"

I define antidisestablishment-walmartarianism as - "Wal-Mart Management's aggressive, relentless, at any cost, opposition to the elimination (disestablishment) of its direct working relationship with its own employees, due to the intervention by labor unions attempting to organize, and represent Wal-Mart's non-union hourly paid workforce for purposes of collective bargaining. Simply stated antidisestablishment-walmartarianism is the opposition by Wal-Mart's leaders to the unionization of its non-union workforce in the USA, and anywhere else in the world!

So why are Wal-Mart's leaders such fervent antidisestablishment-walmartarians? I think it is because free market capitalism, serving customers, respect for people, employee partnership, profit-sharing, expense control, and workforce flexibility are imbedded in Wal-Mart's cultural DNA. Walmartarianism is "The Sam Walton Way", going all the way back to the teachings of the company's founder, Sam Walton. His values, which are now Wal-Mart's core foundation values, are: respect for individuals, striving for excellence and serving customers. All three of these values would be negatively impacted if Wal-Mart's stores were to become unionized.



Walton took pride from the time he opened his first store in Rogers, Arkansas until the day he died, in communicating directly with his own employees, talking directly with them about their problems, listening to their concerns, and resolving issues with them without the need for third party intervention. He taught his leadership team to deal directly with people with an "open door and an open mind!" Like any large company, Wal-Mart is not perfect but Walton taught company leaders, "if you take care of your people, your people will take care of your customers, and your business will take care of itself." To this day it is his leadership philoso-

phies and teachings that remain a cultural touchstone for company leaders as they make decisions in 15 countries where Wal-Mart operates around the world.

Walton never asked anyone else to do anything he had not already proved he was willing to do himself. He was a "servant leader" who taught his leadership team to use Golden Rule Values in their dealings with both customers and employees. This is just one of the reasons labor unions have struggled trying to organize Wal-Mart's stores. Contrary to what is often reported in the news media, and as unpopular as this will sound to the "anti-Wal-Mart proponents", I



believe the overwhelming majority of Wal-Mart's managers and supervisors, in its stores and distribution centers, are good intending people who actually care about the employees who work there!

Walton promoted people based on merit from within at every opportunity and he rewarded people for doing a good job. He was not a believer in giving something for nothing, thus, seniority was not as important to him as rewarding the best performers based on individual merit. He had an uncanny knack for hiring people with good attitudes, and helping them reach their full potential. As proof of this, no less than 75 per cent of the company's current managers were promoted from within. Then and now, Wal-Mart provides people with jobs that offered unlimited career potential. Wal-Mart's standards are high, people are expected to think like entrepreneurs, and everyone is expected to do whatever it takes to serve customers. This cultural mindset is completely incompatible with a union structure.

Sam Walton was one of the first CEO's in America to provide profit-sharing to all of his employee "business partners." Wal-Mart's leaders believe it is this partnership with their own employees, (Wal-Mart refers to its "employees" as "associates"), is one of the company's most important competitive advantages in the marketplace. Wal-Mart has been a profit-sharing company for more than 30 years. Company leaders give credit for the success of the company to the employees who earn their profit-sharing contributions by enthusiastically providing great customer service, reducing expenses

and keeping the store shelves stocked with products.

Historically, Wal-Mart's employees have shunned union organizers because they already know that they have tremendous promotional opportunities, highly competitive pay and benefits in the retail industry, profit-sharing and stakeholder bonuses, cross-training into a variety of jobs, and an "open door grievance procedure" to air their concerns. Wal-Mart's employees know their company is not perfect, but its employees are also smart enough to know that there is nothing labor unions can give them that they do not



already have. The only guarantee is that a union would require Wal-Mart's employees to pay unions dues, and it is possible a union contract negotiation with Wal-Mart could actually lead to lower pay and less benefits for the affected employees. To this day there is not a single Wal-Mart Store in the USA which has a collective bargaining agreement.

With above average pay and benefits in the retail industry, and above average career advancement opportunities for all of its employees, union organizers are barking up the wrong tree when it comes to trying to organize Wal-Mart's

employees. But the question still remains, "Why have the unions failed in their attempts to organize Wal-Mart's U.S. employees?" The answer some would argue is that the employee loyalty engendered by Sam Walton's Wal-Mart culture is like that of a family, while others believe Wal-Mart's culture breeds fierce loyalty like membership in a cult! In either case, unions have faced an uphill battle in targeting Wal-Mart as the "poster child" for their USA union organizing campaign. Wal-Mart's Antidisestablishmentwalmartarianism is as serious an opposition movement as any that the U.S. labor unions have ever experienced,

anywhere in America, by any company they have squared off to do battle with!

Do you know the name of the company that was voted "Fortune Magazine's Most Admired Company in America" in both 2003 and 2004? If you guessed "Wal-Mart" you are correct! Just 4 short years ago Wal-Mart was still perceived to be the premiere corporation in the USA. So what happened to its public persona in subsequent years? I trace the change in public opinion towards Wal-Mart back to 2005. You see that is the year two anti-Wal-Mart web sites were set up by labor unions.

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“Wake-Up Wal-Mart” which was funded by the United Food & Commercial Workers (UFCW), and “Wal-Mart Watch” which was funded by the Service Employees International Union (SEIU). The sole purpose of these Anti-Wal-Mart union web sites is to do everything they can to try to stir up negative public sentiment towards Wal-Mart in order to get customers to stop shopping Wal-Mart's stores and to get Wal-Mart's employees interested in joining their labor unions. The American unions allege Wal-Mart treats its employees badly, it provides low pay, and poor benefits, and the company destroys the environment, sells shoddy goods made overseas and avoids paying its share of taxes. In response to all of the negative allegations of the unions and other anti-Wal-Mart factions, Wal-Mart was forced to set up its own public relations department for the first time called, “Corporate Communications” in order to neutralize the negative press, by at least telling its side of the story.

What is it about Wal-Mart's business model that makes its leaders so doggedly determined to keep their workforce non-union? The answer is because of Wal-Mart's commitment to offering low prices to its customers. Unionization would increase its labor costs draining the life blood out of its low price operating model. The fact is that discount retailers like Wal-Mart operate off razor thin profit margins and labor costs are their largest cost exposure. I believe that without its non-union USA workforce Wal-Mart would never have become the World's largest company. The combination of its low payroll costs, ability to leverage flexible employee work schedules, and assigning its

non-union employees a variety of work activities have given Wal-Mart the flexibility it has needed to grow its business. I believe the Wal-Mart business model would come crashing down if the unions were successful in organizing its stores. Additionally, the standard of living for millions of Wal-Mart's shoppers would suffer. This is why controlling wage and benefit costs has been so critical to the Wal-Mart profitability model.

Even though Wal-Mart is the number one company in total annual sales in the World, amazingly, its profit dollars do not even rank the company in the top 10! It may be hard to believe, but

grocery store competitors in America have failed for this exact reason, because they are handcuffed by inflexible, high priced union wage and benefit contracts, saddling them with an insurmountable, labor cost competitive disadvantage in the marketplace.

Since its inception, Wal-Mart's payroll costs as a percentage of sales have dropped billions of dollars to its bottom line. By coupling its disciplined schedule management with its low cost wage and benefit structure (as a percentage of its massive sales volume), Wal-Mart creates an un-level playing field for its competitors.



Wal-Mart's annual sales last year were US\$404 billion, placing the company on top of the Fortune 500 list, but surprisingly, the company only ekes out a 3.3 per cent profit! Wal-Mart's total dollar profits last year ranked the company at only number twelve on Fortune's most profitable companies list! There's no need for you to feel sorry for Wal-Mart's "meager" profits however, because in real dollars, 3.3 per cent equals US\$13.5 billion! Without the flexibility of its army of non-union employees the profitability of the giant retailer would quickly vanish! Many of Wal-Mart's unionized

Wal-Mart leaders manage the costs associated with pay, benefits, work schedules, and overtime better than any other company in the retail industry. Add to that the fact that Wal-Mart operates all of its stores in the United States non-union, and store payroll becomes a competitive advantage for them in the predominately unionized grocery industry. Since Wal-Mart entered the grocery business in 1988 more than 30 regional grocery store chains across the USA have gone out of business.

Wal-Mart has been accused by proponents of organized labor of

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being downright anti-union. Contrary to what you often read in the news media, Walton created a culture which is simply “pro-people.” The official Wal-Mart Company position on unions, published on their company web site, states, “At Wal-Mart, we respect the individual rights of our associates and encourage them to express their ideas, comments and concerns. Because we believe in maintaining an environment of open communications, we do not believe there is a need for third-party representation.” Said another way, Wal-Mart’s leaders don’t want the high costs associated with unions in their operations, and they prefer to work directly with their own employees to address employee concerns. There is no doubt Wal-Mart’s leadership team will do whatever is legally within their rights to prevent the unionization of their workforce.

Theoretically speaking, what difference would it make if Wal-Mart’s workforce was unionized? In a word, plenty! The corresponding rise in cost of sales for payroll caused by unionization would have devastating consequences for the World’s Largest Retailer’s low profit business model. Wal-Mart would be forced to raise prices reducing its primary advantage which is Every Day Low Prices. A unionized American workforce at Wal-Mart would level the competitive playing field in U.S. retailing eliminating the lopsided price advantage Wal-Mart has enjoyed in the marketplace for decades. A vicious downward spiral would occur as higher union labor costs associated with its unionized workforce would require Wal-Mart to raise its prices to maintain profitability, in turn making its stores less

attractive to consumers. Discount retailing is a volume driven, “low price” strategy, and as Wal-Mart’s prices rose their sales volume would drop causing its expenses as a percentage of sales to increase. In order to maintain a profitable business Wal-Mart’s leaders would be forced to close unprofitable stores, and many of its store profitable business employees would have to be laid off. Globally manufacturers that supply Wal-Mart with products would lose production volume forcing employee layoffs, and consumers would see their buying power diminish.

The USA economy would be negatively impacted as the lid comes off product pricing, and inflation once again raises its ugly head. As the American economy goes, so goes the World economy, because the trickle down impact of Wal-Mart unionization in America would impact economies around the globe. When Wal-Mart sneezes stock markets around the world catch a cold! The impact of unionization of Wal-Mart’s employees would be felt around the world.

Were he still alive, Walton himself would tell Wal-Mart’s current leaders to spend as much money as it takes, and use whatever legal means necessary to oppose unionization! Sam would also preach to his leadership team the importance of

using Golden Rule Values in their dealings with employees. If Wal-Mart’s Managers will simply go back to the teachings of Walton in their dealings with employees, and focus proactively on creating a positive employee relations environment, they can neutralize the union’s best organizing efforts. By treating people “The Sam Walton Way” Wal-Mart’s employees will also have no interest in whatever is offered by the pending EFCA legislation. You might say Wal-Mart’s best labor relations defense is to have a good employee relations offense!

The one thing that is certain, in the battle for the hearts and minds of Wal-Mart’s global army of more than 2 million employees, is that as long as the American labor unions continue in their aggressive organizing campaign of Wal-Mart’s stores, the antidisestablishmentwalmartarians at Wal-Mart will remain steadfast in their cultural quest to maintain their coveted non-union status. The new reality, however for Wal-Mart going forward, is that remaining union-free will be more challenging than it has ever been before. There is no choice for Wal-Mart, it is a battle that must be waged, and it must be won, because remaining union-free is not only the key to the company’s continued profitability, it may also be the key to the retail giant’s long term survival! 😊



About the author: Michael Bergdahl is an international speaker, author and business coach. Michael Bergdahl is a business speaker, who is one part business, one part inspiration, and one part storyteller. He has spoken at association and business conferences across the USA and internationally to retailers, non-retailers, manufacturers and suppliers who are interested in improving their ability to compete successfully in a Wal-Mart World!