

How Did Wal-Mart Get Started?

In 1962, four new retailers were born. One called Kmart was started in Garden City, Michigan, another called Target was started in Minneapolis, another from Woolworth, the big name in retailing at the time, called Woolco was started, and the final one in rural Rogers, Arkansas, called Wal-Mart. Thirty years later, Woolco had met its demise and one of the other two was the largest retailer in the country. Surprisingly, the top retailer was the one from Arkansas.

Sam Walton, founder of Wal-Mart:

"Here's what makes me laugh today: it would have been absolutely impossible to convince anybody back then that in thirty years most all of the early discounters would be gone, ... that the one to fold up would be Woolco, and that the biggest, most profitable one would be the one down in Arkansas. Sometimes I even have trouble believing it" (Walton, 49)

Wal-Mart has ended its fiscal year. Throughout the fiscal year (starting last February) Wal-Mart has done over \$128,138,000,000 in sales (Newsroom). The secret to the company's success is simple. Wal-Mart combined many obvious ideas to form a loyal base of customers and associates that built the company from its conception to today.



In 1945, Sam and Helen Walton moved to Newport, Arkansas to breathe life into an old Ben Franklin store. It had been doing poorly and was in need of new ownership. Sam Walton was just the man for the job. It opened on the first of September, 1945. When it came time to add up the profits and order more goods and all the other things involved with running a store, Walton followed all the rules laid out by the franchise program. However, it did not take him long to start experimenting. After a while, he had started buying directly from manufacturers, not from Butler Brothers (the company that ran the franchise program). For instance, one manufacturer's agent name Harry Weiner would get an order from Walton, pass it on to a manufacturer and take five percent of the deal for himself. This was very good for Walton because Butler Brothers would take twenty-five percent for themselves from every purchase. With the combination of low prices from Harry and his low commission, Walton was able to pass savings on to his customers. However, this drove Ben Franklin crazy. Walton says that the only reason they did not outright stop him from doing this was because he had turned the store from one of the worst ones in the district to one of the top performers. This experience taught Walton much of what he would use later in starting Wal-Mart.

After five years of unbounded success, however, Walton's dream came to an end. In the beginning of it all, Walton had only purchased a five-year lease on the store. The landlord refused to renew the lease at any price. The Waltons found themselves without a store and without a town. They eventually decided to move to Bentonville, Arkansas, a

town of 3,000 people. Walton opened up a 4,000 square foot store on the town square. That site today contains the Wal-Mart Visitor's Center. Walton had big plans for this store. He bought an adjacent barber shop and knocked out the wall separating it from the store to give himself more room. Having heard about new self-service stores in Minnesota, Walton traveled by bus to personally visit the stores. It was this curiosity that garnered him new ideas concerning his stores. He set up the Bentonville store around the self-service idea. All the new stores opened by Walton had this feature. Walton had a sixth-sense about the future. He could always tell where things were going in retailing and would be the first one to implement those things into his stores.