

Wal*Mart Externship

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Gail Lisauskas, Diane Pendergast, Jerry Cabana and I met with personnel at Wal*Mart in Methuen, MA over a three day period in July 2003 to learn about their operations and get data relevant to our modules.

July 15

The day started with meetings with Cat Dyeak, the community involvement coordinator and her dad, Mitch Dyeak, manager of the food department. We met with them throughout the morning. The function of Wal*Mart was explained to meet competitors prices while maintaining a friendly shopping environment. We were told that pictures within the store would not be allowed. The Methuen store is two years old and a goal is to have stores within 15 miles of each other. Employee compensation is based on region of the country and the emphasis is on dedicated employees. The typical age group for employees is 30 to 50. They prefer to promote employees from within. The ladies clothes department is their most profitable department. Cat was originally a personnel assistant, then took over the personnel department, and now has responsibilities with community involvement. The focus is on local involvement and some of the activities are: little league, teacher of the year with a grant to the participating school, children's hospital at Dartmouth (CHAD), our MAST program. The Methuen store contacts local schools to carry supplies they need. During most of the morning, we met in the open cafeteria area.

The most profitable periods are back to school and Christmas. The home office in Arkansas initially decides upon pricing. Thereafter individual stores get involved. Corporate decides on square footage per department and minimal changes are allowed at the local level. Many departments decide on the quantity to get, but what to get is decided at the corporate level. The Methuen store has approximately 150 employees and 90,000square feet of space. It is small relative to other mega sized stores such as the store in Salem, NH with 450 employees and 225,000 square feet of space...

All department managers wear red vests and associates wear green vests. The home office controls percentage markdowns. The main competition is K-Mart, Target, Osco, CVS, Best-Buy. Products to be sold, for example Nabisco, are selected nationally. Local stores can adjust the prices due to sales (5% mark-down) to meet competition.

Each store manager carries a telxon, a wireless instrument used to update price changes, print price labels and provide sales data by the product label scanned in. Food markups can range from 5% to 30%.

Wal*Mart offers roll-backs, a corporate decision for a larger discount on an item to capture the market. The roll-back can be up to 25%. End caps are used to place items in order to increase its sales. After its sales have increased, it is then put back to its shelf location. Roll-backs go on end caps to increase their sales. Some products such as candy have predictable times for maximum sales. This time include Independence Day,

Halloween, the Super Bowl, and Valentine's Day. The Methuen's store Wal*Mart warehouse is about 40 miles from the site in Raymond, NH.

After lunch, we observed the dialog at a department manager meeting including all 20 managers and store managers where issues were raised and successes presented.

July 17

We spoke for several hours with Mitch Dyeak. Some items discussed were:

1. Spikes in product sales data may be the result of season, customer adjustment due to a lack of stock for alternate items.
2. Seasonal clothing items such as bathing suits are pre-bought and can't be rebought.
3. A goal for a store manger is to shrink inventory.
4. The pharmacy, jewelry and photo departments are not controlled by Wal*Mart.
5. The Methuen store has 20 departments, larger Wal*Marts have 27 or 28 departments that include a deli department and greater selection of food perishable items.
6. Credibility regarding sales pricing is big issue at Wal*Mart. If an item is advertised at a particular price, it is sold at that price.

July 24

Arrangements were made to meet either with Cat or Mitch in the future as needed to acquire more information.

At the front of the store are kept the roll-back items. These items as previously mentioned are for larger discounts and the decision is made by corporate, the store manager, or store department manager. Other discounted items are 'Dare to Compare' items for which prices are stated to be lower than specific competitors, and 'Always Low Prices' which include items throughout the store to be competitive.

Cat mentioned the possibility for future student field trips to Wal*Mart and the possibility for us to visit the Epping, NH store that is being built and learn about the development phase of a store.

Assistant store managers at the Wal*Mart Methuen store has responsibility for a section of the store.

Much of soft-line, i.e. clothing, is a Wal*Mart brand. Markup for status clothing items can be up to 500%. Photography, shoes, pharmacy and jewelry are rented space. Jewelry pays 11% of their take to Wal*Mart and generally carries items with price tags of less than \$1000.

Signage on pricing savings is very import at Wal*Mart. Throughout the store, there are yellow signs in the shape of a pointer to enable customers to find the price of an item if necessary. They need only scan the bar code of the item. 'My Super Item' signage is often used with a department manger's picture. Also, 'Low Prices' signage highlights

specific items. Signage 'Less Than \$1.00' is used to attract customer attention. Signage is also used to indicate groupings of items, such as 'Stains and Sealers', 'Tape' signs used in the hardware department. 'Clearance' signs are used to indicate greatly reduced prices.

All aisles are handicap accessible and at least four feet wide.

Store inventory is kept at a minimum. Each department has one or two bins in the back room for quick item access.

My reflections on the process of making a module:

- What have I learned when interacting with Wal*Mart?
Due to unforeseen illness and lack of availability of some management at Wal*Mart, I learned that one has to be extremely flexible, but yet somewhat persistent to gain the information needed to complete a module. In my case, very limited sales data was originally made available. In order to perform adequate item analyses, more data was required from a variety of items within the dry goods department. Eventually, after carefully explaining the intended educational use for the data and agreeing to modify actual item sales so that only trends would be apparent, we were able to gain the trust and confidence of management. Then, additional graphs of sales data were provided.

- What in the process works and what does not work?
The PowerPoint design tips were very helpful, but I think that it may have helped to require all participants to create draft presentations based on earlier versions of their draft modules. Then as time evolved, we would feel more comfortable with PowerPoint intricacies.

The North Carolina template and teacher notes served as a great guide for my efforts. The independent work sessions and available help from faculty, staff and fellow participants worked well for me. I appreciate the 'expert' feedback as well in refining initial drafts of my MAST module.

- How did my ideas change, evolve?
Based upon available data, I had to change analyses that were planned. Initially, the plan was to deal with specific item cost and sales data from the Methuen discount store. Since only sales data was available, another approach was required to perform profit analyses that are based on both sales and cost data. With the help of Cathie Pirri, we changed the focus and used corporate financial data at the Wal*Mart web site to discuss the profit analyses.