

## Team 10 - Executive Summary

The total combined revenue of Walmart's top three competitors, Carrefour, Costco, and Tesco is incomparable to the retail giant's 2016 fiscal year revenue of over \$432 billion. Although a global brand that continues to expand worldwide, analysis of Walmart's current structure, operations, and strategies proves that Walmart's existing organizational design is unable to sustain its global operations. Case study analyses of Walmart's global failures and successes, as well as Ikea's success in India can provide Walmart leadership with methods and strategies to rectify current organizational/operational flaws.

Walmart currently has a hierarchical-functional organizational structure whereby groups have a strict reporting structure and are also organized by function (IT, finance, etc.). Walmart's competitive advantage stems from a low-cost competitive strategy. By taking advantage of economies of scale, an international network of distribution facilities and resources, and significant supplier influence, Walmart continues its cost-efficient practices. Walmart strives for a customer-focused approach to business, while maintaining respect for their suppliers, employees, and customers alike. Walmart also focuses on the production of quality goods, and the maintenance of transparent, legal and ethical operations. However, analysis of Walmart's past publicized scandals revealed a number of unethical practices that negatively affected their brand image. These past issues included: bribing Mexican officials in an effort to bypass zoning regulations, poor labour conditions in its Cambodian manufacturing facility, and using their clout in the North American market to enforce unfair cost-cutting demands with its suppliers.

Despite Walmart's exceptional success in domestic markets, they have often had sizeable failures in their efforts to expand globally. Recent endeavours into Germany, South Korea and India have resulted in significant losses that forced Walmart to pull out of those countries for the time being. While each country posed unique challenges, the main issues were Walmart's stubbornness to utilize a globalization strategy as well as a lack of cultural sensitivity, and an inability to respond quickly to correct their mistakes. Contrasting their failures are Walmart's global successes in large regions such as China. By addressing their previous mistakes and conducting extensive market research prior to entry, they were able to have a successful venture in Shenzhen where they continue to expand their operations. A case study into Ikea's business operations provided further analysis into a large scale market retailer's successful strategy for venturing into foreign markets, which included: a broad differentiation strategy, optimized supply chains, adherence to local regulations, and tailored production and marketing efforts.

To ensure the success of Walmart's future global expansion efforts, business intelligence units and steering teams can be introduced. These teams would allow for country-specific employee and consumer engagement, and effective adaptation efforts. Moreover, mimicking Ikea's strategy of localized supply and distribution operations can reduce overall operational costs. To improve Walmart's brand image, company-wide policy changes that adhere to international labour and wage laws, as well as a stricter monitoring of operations in global manufacturing facilities need to be implemented. Supplier relations can be strengthened with the use of initiatives similar to Tesco. Tesco partnered with P&G for business intelligence analyses and insights for use by their suppliers to increase sales revenue. With these recommendations and suggested actions, Walmart can rectify the flaws with its current global operational efforts and improve its brand image, in order to continue being a global retail leader.