

# The quality improvement of walmart management essay

[Business](#), [Management](#)



**ASSIGN  
BUSTER**

\n[toc title="Table of Contents"]\n

\n \t

1. [Method](#) \n \t
2. [Wal-Mart](#) \n \t
3. [Theory](#) \n \t
4. [Quality](#) \n \t
5. [TQM](#) \n \t
6. [Analysis & discussions](#) \n \t
7. [Conclusion](#) \n

\n[/toc]\n \nIt is not easy to define what quality is, there are several different definitions of quality from different perspectives. Some of the major approaches used are as follows. Transcendent quality is when a product or service is the best in some way, example a Rolex watch. Manufacturing based quality which is when products or services don't have any errors but is not necessarily the best available on the market. User Based quality is when the product or service can handle the use it is designed for. Product based quality is when you can measure how well the product or service fulfils the customer's requirements. One thing that is in every part is that it is the customers that define what quality is, it is just different parts that is important. So by combining the different views into one the result give a definition of quality as to exceed the customer's expectations and requirements. (Slack et. Al, 2007). Wal-Mart is an American giant retailer company operates in 27 countries, and has a turnover of 443. 9 billion USD according to the company 2012 annual report (Walmart 2012). The purpose

of this paper is to cover the basics of quality, quality management, total quality management, and also to identify both strategies and efforts made by Wal-Mart, offering quality products and services at low prices. The paper will answer the following questions: What is quality and quality management? What is Total quality management TQM? What are the quality efforts made by Wal-Mart in order to be the market leader?

## **Method**

The theories about quality management and total quality management have been described by using a mix of scientific articles. To ensure that the reliability of the articles is high, they have been collected from scientific databases. The information about Wal-Mart was collected from their annual report for year 2012, and also from their global responsibility report for year 2010. To be able to describe Wal-Mart's quality effort, theories about these aspects have been described and compared to the collected data about Wal-Mart Corporation.

## **Wal-Mart**

Wal-Mart retailer stores was founded in 1962 by Sam Walton when he opens his first store in Rogers, Arkansas, the state where the company's headquarter still remain. In the beginning Sam Walton's strategy based on opening stores in small towns. Today Wal-Mart is the largest retailer chain in the United States, and they are the biggest workforce corporation in the world with more than 2 million individuals serving around 200 million customers weekly worldwide. In 2012 Wal-Mart turnover attained 443. 9 billion USD, with a record profit of 15. 8 billion USD. Wal-Mart exists in 27

countries, where they operate more than 10000 stores through 69 different subsidiaries. Wal-Mart philosophy is based on saving people's money so they can live better. In order to fulfill their customer's needs, Wal-Mart is working permanently on improving performance to operate in more efficient way by adjusting their strategies to meet the expectations of their customers. Wal-Mart strategies based on providing a wide range of products even with their lower price policy, meeting local needs and benefits from global resources, deliver both value and quality whether for goods and services, focusing on being one of the online business leaders in the market, and also taking responsibility for improving life of local communities by donations and training. (Wal-Mart AR 2012). One of the key factors for Wal-Mart success rely on their close cooperation with their suppliers, the thing that resulting Wal-Mart to be a more sustainable and responsible organization. In order to remain the market leader, Wal-Mart need not just to offer their customers' good quality products at lower price, but also using an effective quality management to maintain their relation with their suppliers. They manage to do so by setting up a package of own standards and guidance for suppliers. (Standard for suppliers 2012). Such guidance will be followed and monitored by a team of quality experts assess the quality of each product imported from the supplier to assure that the quality standards were respected before presented on Wal-Mart stores shelves. (Walmart GRR 2012)

## Theory

### Quality

In order for organizations to survive and maintain their competitiveness in the world market, organizations are always depending on quality in every part of their operations and levels. The term " quality" could be defined and explained in many different ways that is because over the years, the concept of quality keeps on changing from time to time meaning that the definition of quality in the 40ies of last century is different than the definition of quality of the current days, and for sure it will be different in the coming years.

According to Bergman and Kelfsjö (2010), for a customer quality is very essential whenever he wants to pay for a product or service. In the same context, Deming (1986) added that quality should not be limited to only answer customer's current needs, but also his future demand. On the other hand (Crosby 1979) definition for quality focuses, basically about the rapport between quality, and conformance to the requirements. Another wider perspective of quality says that the quality of a product or a service could be defined when it's specifications and features surpass the customer's needs and expectations (Bergman & Klefsjö, 2010). Garvin (1984) stated five different approaches to the quality concept mainly consist of value based, where the quality is related to cost and price. User based approach, where the customer has the authority to define what quality is. Manufacturing based approach relates to product conformance to specification. Products based define quality of a product as a tangible object. Transcendent, on the other hand argue that quality rely mainly on the physical appearance and beauty of the product itself. According to (Bergman & Klefsjö, 2010), there

are two major quality dimensions: quality dimensions of goods, and quality dimensions of services. Some of the quality concepts for goods includes: Reliability, performance, maintainability, which shows the effectiveness of detecting problems. Environmental impact, appearance, flawlessness, safety, and durability are also other dimensions of a product quality concept. Nowadays, service quality is as important as the product quality, but there are prevalent differences between goods and services (Bergman & Klefsjö, 2010). Dimensions of service quality are sets of criteria used by customers for evaluating service quality and it's consisted of ten dimensions. These dimensions include reliability, credibility, communication, access, responsiveness, courtesy, empathy and tangibles (Zeithaml et al. 1990). There is no doubt that quality improvement increases the profitability. Therefore, companies efforts improving their quality products or services does not have any negative consequences on their financial results. That is because the core strategy of this management model is based on customer satisfaction as a first priority, which affects automatically the increase of profitability in parallel as quality improves. The successful use of quality improvement should include providing customers with high value products or services that exceed their requirements. Increasing productivity by reducing wastes and costs, will improve the competitiveness and margins, the thing which pleased shareholders. Most organizations financial performance depends on three key elements. The first element is strategy development including efficient business decisions, market performance, and finally internal performance. (George & Weimerskirch 1998).

## **TQM**

The term Total quality management (TQM) has no standard definition, instead many uses different definitions which have both similarities and differences. A definition made by Miller explaining what is total quality management says that " TQM is a continues process whereby top management takes whatever steps necessary to enable everyone in the organization in the course of performing all duties to establish and archive standards witch meet or exceed the needs and expectations of their costumers, both external and internal. " Miller (1996). TQM is not a specific work method instead it is a group name for management systems that has as their main objective to achieve higher customer satisfaction. For Powell (1995) a TQM system should work with continues improvement, reducing reworks, work in groups and meet customer requirements. TQM can be used as a tool for an organization to achieve higher quality throughout the whole organization.

## **Analysis & discussions**

Wal-Mart slogan says that " we save people money so they can live better" which means that they do their maximum to met what the slogan says. In one decade Wal-Mart has managed to increase their net sales with almost 150% (from 201. 2 billion in 2002 to 443. 9 billion in 2012). Such boom indicate clearly that Wal-Mart succeeded delivering quality value, which is very important issue for customers Bergman and Kelfsjö (2010). Wal-Mart is working continuously for becoming a sustainable corporation while offering quality; they do it by investing money, human resources, and time not just

for meeting the customer's current needs, but also their future expectations by anticipating future demand Deming (1986). Wal-Mart has developed a number of tools and requirements standards during years of experience in retailing industry. Before purchasing goods, and to ensure the compatibility of their products, they come up with a supplier manual which provides a detailed guidance and standards to be followed and respected by all their suppliers from all over the world in order to meet the company's quality standards and policies (Crosby 1979). Since they begin their operations Wal-Mart top management have always the target to exceed their customer's expectations. They managed doing it by providing their customers with different shopping solutions such as Sam's Club membership where customers feedbacks says that they continue to exceed their expectations through delivering quality at a superior value. (Bergman & Klefsjö, 2010). Garvin (1984) stated five different approaches to the quality concept which all can be connected with Wal-Mart. The first approach is connected to cost and price, which Wal-Mart has managed to apply what is called Everyday Low Cost (EDLC)/Everyday Low Price (EDLP) business model based on lowering their costs by reducing expenses. For user based approach Wal-Mart tries to identify products that will satisfied the most a large category of customers needs. Meanwhile, manufacturing approach relates to product conformance to specification, in that matter Wal-Mart works in close partnership with their suppliers in order to meet or even exceed their quality requirement applies to products as well as services. There are two major quality dimensions, including quality dimensions of goods, and quality dimensions of services. Starting with quality dimensions of goods what

includes several quality concepts, such as maintainability where Wal-Mart become a member of consortium responsible of building and maintaining a global information database about the life cycle of products from raw material until its final stage, also one of their priorities is to maintain an inclusive work environment for their total work force. Environmental impact is also one of Wal-Mart quality concept as setting up goals to be achieved using 100% clean energy, eliminating waste, sell products that not harm both customers and environment, monitoring greenhouse gas emissions, and also building a more environmentally supply chain. This is in line with the thoughts of (Bergman & Klefsjö, 2010). To achieve the current success Wal-Mart depends heavily on communication with suppliers providing them with experience to develop their productivity, communication between stores using relevant technologies, and the most important permanent communication with customers by talking to them, listening to them, and understandings their needs (Zeithaml et al. 1990). Sustainability continues to make Wal-Mart a better company by reducing waste (recycling), lowering costs, driving innovation, increasing productivity which helped them to fulfill their target goal. (George & Weimerskirch 1998), Powell (1995). According to the theory Wal-Mart strategies and efforts working on quality issues has paid off. Therefore Wal-Mart can be seen as a quality oriented company. On the other hand they have been criticized for their tough price standards, what forces suppliers to depress their worker's wages.

## Conclusion

In order to achieve the best quality results, it is important for organizations to invest on resources that make the most differences. Wal-Mart is working with quality and quality management from a sustainable perspective, and they are continuously trying to improve their products, services quality, and also their processes with sustainability in mind. Many of their achieved goals can be connected with the large network and the close collaboration with the suppliers. Communication with customers and permanent working on improvement are also important strategies for their efforts to provide high quality value added goods. Wal-Mart has also invested in energy saving technologies and managed to reduce their energy consumption, and also they intensify efforts using renewable energy, which is an indication of their quality efforts. These innovations and creative ideas have contributed to the market leading position in retail industry, and thereby created a competitive advantage thanks to its quality products and services.