

Principles of management (walmart)

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



The strengths of Wal-Mart are many. First, it is its sales volume. 200 million people visit 10, 800 stores weekly worldwide. Its business model of increasing sales by lowering prices works very well for them. Wal-Mart deals directly with producers from local farmers to major product manufactures. This strategy allows them to secure the lowest prices possible for their customers. Wal-Mart's supply chain is second to none. They are constantly exploring more efficient ways to transport products to customers in order to lower prices.

Wal-Mart defiantly has one of the worlds most advanced global supply networks. Variety is key to Wal-Mart. If there is profit in selling a product, Wal-Mart does it. With four hundred and sixty six billion in sales for 2012, Wal-Mart is the world's leading retailer and generates a huge cash flow. This allows them to expand internationally as well as geographically. The grocery section has grown to account for 51% of sales. Wal-Mart is now the biggest grocer in the country. The pharmacy has grown as well. With four dollar prescriptions, they have changed the prescription drug industry.

Wal-Mart is the largest private employer in the world with 2. 2 million associates worldwide. Wal-Mart tends to promote from within. Not only does this strategy help retain knowledgeable associates and managers who know Wal-Mart from top to bottom. Even with such strong growth, Wal-Mart still delivers to stock holders. First quarter dividends for 2013 were one dollar and nine cents per share, returning more than 200 million dollars to shareholders. Wal-Mart is a key component in most mutual funds. Wal-Mart's size allows it to buy in volumes that no one else can.

In general, the higher the volume the lower the price per Unit. By sticking to Sam Walton's original business model of lower prices to create higher sales volume, Wal-Mart is a world leader in sustainability and the biggest retailer in the world. W – Weaknesses: The weaknesses of Wal-Mart include negative press coverage, which is always a weakness in retail. With a company the size of Wal-Mart, small miscues are big news. Wal-Mart needs their customers to have a positive opinion of them so they will keep coming back. With overhead the size of Wal-Mart, customers must visit regularly.

Wal-Mart operates on a low profit margin. When economic conditions are poor, sales go down and affect Wal-Mart quickly. Wal-Mart buys 40% of the products it sells from foreign sources. Government instability can disrupt, or even dissolve supply to stores. Wal-Mart cannot control how well governments maintain road and ports. Poor infrastructure maintenance slows delivery and can result in lower sales. Instability can also have negative effects on currency exchange rates. These weaknesses may not have slowed Wal-Mart's growth to date, but they will not be going away.

..... O - Opportunities Wal-Mart has many opportunities in the current economy and is in a great position within its industry being very committed to finding opportunities to market new products and finding new ways to market old products in new ways. Wal-Mart online is constantly updated to take advantage of the growing internet market. Wal-Mart has recognized the global growth opportunity and is aggressively expanding globally in twenty eight different countries. Wal-Mart sees opportunity in its employees. Wal-Mart is a leader in internal promotion.

This ensures that Wal-Mart managers are stable and knowledgeable of Wal-Mart as a whole. It is not effective in poor economies. The weather is also a constant threat. Inclement weather can close manufacturing plants, roads and stores. Heavy snows in one part of the country can close transportation routes. Destructive storms such as a hurricane can close and even destroy plants and stores. Weather related expenses and sale loss are unpredictable and always a threat. Wal-Mart is the biggest retailer in the world, making it chief target for all competition.

Large, existing companies need to cut into Wal-Mart's customer base in order to grow. Wal-Mart's customers are also being courted by new companies, especially in the internet market place. Social pressure and negative comments is also emerging as an internet threat, and Wal-Mart will have to combat it. With volume the key to success, Wal-Mart must keep a constant visual on the threats to its customer base. Conclusion The outlook for Wal-Mart, based on an analysis of strengths, weaknesses, opportunities and threats is great. With 466 billion dollars in sales for 2012, Wal-Mart's business model must work for them.