

# Business career of sam walton

Finance



The Early Business Career of Sam Walton of The Early Business Career of Sam Walton When the Sam Walton is heard, most people will automatically think of Walmart. This is because he was the founder of Walmart and a very successful businessman. Walton had several businesses prior to his founding Walmart and in each one, he used his understanding of business to purchase them, sell them, and then buy other businesses.

Walton's business began in 1945 in Arkansas. At the time, he purchased a small Ben Franklin store that was 5, 000 square feet. It was unknown store at the time and the town was very small, so there were challenges to getting this business to be successful. In the same year, Walton paid \$25, 000 to the owners of the Ben Franklin stores for the rights to franchise the store.

According to Tedlow (2001) Walton was inexperienced at running a business and he did not know what to do with a variety store. In fact, the only experience Walton had was from working retail at J. C. Penny's (Brooks, 2012). Walton had paid too much for the store and was also paying too much for rent. Both of these issues could have meant failure for Walton but he did not fail.

The first step for him was to go to a two week training program that was provided for franchise owners. Next, he studied his competition that happened to be across the street from him, and he read retail publications (Tedlow, 2001). He soon learned how to run the business, learned all the rules, and then found ways to break the rules that did not make sense to him. Walton was inspired by what he learned in retail and wanted something bigger. He also wanted to provide more value for his customers. He decided it was time to open a larger store, which became the first Walmart (Walton, 2012). Walton had backers until he decided to cut prices, and his backers felt

<https://assignbuster.com/business-career-of-sam-walton/>

this was not a good idea. He started Walmart with his own funds (Brooks, 2012).

One of the reasons that Walton was successful was because in the early days, he cared about his employees and his customers. He realized that if he had lower prices than his competitors, he would have satisfied customers. He also realized if he treated his employees well and taught them how to take care of the customers, he would have successful employees and customers (Walton, 2012). By 1967, Walton owned 24 stores and was making \$12.7 million in sales (Duke, 2012). In 1969, Walton incorporated Walmart and by 1970 they went public (Duke, 2012). Walton attributed the success of Walmart to his employees who were the ones who worked directly with the customers (Walton, 2012).

In 1971, Walton opened his first distribution center in Bentonville, Arkansas and then listed stock on the New York Stock Exchange in 1972. Walton saw that there were many ways that he could expand his business, and he began to purchase smaller chain stores and eventually turned them into Walmart stores. He began making these purchases in 1974. By 1976, Walton had 18 Walmart stores opened, so he closed all of his five and dimes (Ben Franklin's) to put his money and concentration into evolving Walmart.

### Conclusion

Sam Walton was an innovator and a man before his time. He understood how to make changes in his stores and how to attract customers. He provided an opportunity for employees to advance and he cut prices for customers at a time when many of his competitors and his stakeholders thought this would be an unsuccessful move. He systematically increased the number of stores he had, and when it was time, he sold the five and dime stores and put his <https://assignbuster.com/business-career-of-sam-walton/>

concentration and money on the Walmart stores.

#### References

Brooks, C. (2012, June 28). What are the characteristics of a leader? Business News Daily. Retrieved from <http://www.businessnewsdaily.com/2764-business-leader.html>

Duke, M. T. (2012). Walmart annual report. Retrieved from [WalMart\\_AR.pdf](#)

Goldman, L. (2011, July). The incredible story of Walmarts expansion from five & dime to global megacorp. Business Insider. Retrieved from <http://www.businessinsider.com/the-incredible-story-of-walmarts-expansion-from-five-and-dime-to-global-megacorp-2011-7?op=1>

Tedlow, R. S. (2001, July). Sam Walton: Great from the start. Harvard Business School, Working Knowledge: The Thinking That Leads. Retrieved from <http://hbswk.hbs.edu/item/2375.html>

Walton, S. (2012). Sam Walton, founder of Wal-Mart. Walmart Corporation: Our Story, Retrieved from <http://corporate.walmart.com/our-story/heritage/sam-walton>