

Case analysis: wal- mart inc

Business



Identification of Symptoms There is existing disputes between the employees and the management over health benefits, wages, hours and labour. There is prevailing opposition from the society i. e. community, banks, leaders and unions.

Low quality products. Deployment of unskilled personnel in the lower level employee plane. There is no product differentiation. Availability of many substitute products. Increased awareness amongst wal-mart customers of the negative effects the company has on the economy.

More than 70% of their products are imports from China. Though large, wal-mart retail shops are congested making it hard for customers to maneuver. Such congestions may cause expired products to remain on shelves. Many law suits e. g.

for lack of giving meal breaks. Customers buy from wal-mart not because their products are of good quality, nor because they offer skilled customer services but only because of their low prices. The customer service given by the company is sub standard. Problem Statement The outlined symptoms will lead to the following problems: Failure to satisfy the employees will lead to a negative master-servant relationship and also make the employees less efficient in their work, the prevailing opposition from the society around means there is bound to be many rebellious forces which keep the company from expansion, the poor quality products provide a competitive edge for rivals to this company which will make customers to lose confidence with the company; existence of unskilled personnel means that the quality of services offered is below standard; lack of distinct products means the company does

not enjoy a competitive edge over its rivals; availability of close substitute means that wal-mart may suffer fewer customers; the increased awareness by customers of the negative effects of the company may cause most of them to go shop at alternative stores; the fact that 70% of the products of this company are supplied from china means that patriotic customers will be forced to go shop elsewhere; though large, the congestion in the stores will be unfavorable for many customers hence some may choose alternative retail shops; the evidence of expired products on the shelves may attract shrinking customer confidence; existence of many law suits will only cause financial losses and deteriorating relationship with the society; the fact that customers buy from wal-mart not because of quality but because of low prices means that if conditions were favorable to customers, they would prefer alternative stores; poor customer services will only give the rivals a competitive edge (Spotts 2005). Problem Analysis The prevalent problems in this entity have great financial implications which I will try and highlight below.

The problem of negative master servant relationship coupled with existence of unqualified personnel in wal-mart will cause real trouble. The existing and potential customers will definitely crush with the employees. This in the long run will lead to development of a common negative attitude amongst the customers. The result will be; slow retreat of customers to other stores. This will alternatively mean a withering financial position and in due time a fall off (Quinn 2000). The fact that the society is opposed to the entity means that it will have to struggle to survive in the market.

This is because the entity entirely depends on the community for existence. Prevailing rebellion will only mean that the company will suffer customer scarcity over time. The poor quality product offered by the company implies that the only available customers will be attracted by the affordability but not the quality. Many of the customers will therefore deliberately abandon the entity for better products once they are able to. Wal-mart employs unskilled personnel probably because they will accept the wages offered.

However the lack of expertise coupled with underpayment will only be disastrous for the company. This is what results to poor customer service and lack of motivation amongst employees. The entity has been faced with the challenge of many law suits amongst them being the one on meal breaks which caused it massive losses. This could even be more disastrous in cases of riots and seat in. it is probably the problem which needs immediate action to deal with.

The lack of a competitive edge when it comes to personnel means the competitors will have an advantage. Personal selling is a very important quality for any prospective business entity (Fishman 2006). The products offered by wal-mart are not differentiated. This means that a customer does not seek for uniqueness in wal-mart but the only thing that takes them there is price. It would not be reasonable for a customer to travel long distances to find a product in wal-mart that can be acquired locally.

This is disastrous because there is definitely no uniqueness in wal-mart that attracts customers except the price. If other factors remain constant it means the company cannot operate as a going concern. The fact that most

of the products offered by this company are imported from china is another source of dispute. Most customers are patriotic and would sacrifice some more cash to promote local companies. On the other hand, rivals to this company will form fair grounds of campaigning against wal-mart. Not forgetting the negative effect this has on the country's economy a lot of rebellion is bound to occur between the company and the government.

The large stores which are congested means adverse financial implications. This factor will cause customers to choose alternative stalls. The possibility of expired products will be a defaming factor enough to draw dozens of customers elsewhere. Identification of Alternatives For the existing disputes between the employer and employee the following alternatives can be helpful; offering competitive wages, better medical services, and overtime bonus coupled with other motivating services to the employees. For opposition from the society the following solutions will be helpful; the company needs to befriend the society through merging with its competitors and improving the quality of their products. And seizing the adverse competition that will drive competitors from the market is also necessary.

For the quality of the products the following needs to be done; acquire better quality products from reliable suppliers, and considering purchasing their products locally. In the case of lack of skilled personnel the wal-mart management should: Recruit personnel with academic qualification, offer adequate training for employees to perform the underlying tasks, offer all employees a friendly working environment. The problem of lack of unique products can be solved by: providing a unique branding system and Sourcing for quality products which are distinct from the competitors' products. The <https://assignbuster.com/case-analysis-wal-mart-inc/>

problem of availability of substitutes can be addressed by providing products of best quality at the same affordable prices, by intensive advertising, and ensuring that the customers get quality services from the employees. For the increased awareness from the customers about the negative effects of the company can be dealt with by trying to sell local products alongside the imports to allow for customer satisfaction and relating well with the authorities to avoid hiccups in the business.

The problem of congestion can be solved efficiently by allowing enough space between shelves for trolleys to comfortably go through and decongesting the many products lined on the shelves to avoid expired products to remain on the shelves. For the many law suits encountered, can be solved by deploying a monitoring unit that will ensure that the company meets all its requirements as required by the law, creating a positive relationship with both the employees and the society and employing qualified lawyers to defend the entity in cases of unavoidable law-suits. The problem of lack of customer loyalty can be overcome by offering quality products at the same affordable price and also offering acceptable customer services. Evaluation of Alternatives There is need to offer a competitive payroll for the employees for the following reasons. A good payroll would mean motivation to the employees.

This will cultivate the morale to provide quality services from the employees. This desire to produce positive results would mean increase in the revenue earned by the entity. The worry of financial loss resulting from high expense in wages will hence be dealt with. Likewise, offering better medical services and other services for employees will improve their cheer and hence boost

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the total revenue earned. For the opposition being experienced by the entity from the society a lasting solution can be arrived at through changing the face of the stores from the prevailing public perception, revisiting the relationship with the authorities, the community and its own employees.

This will attract more customers hence raising the revenues. The company should also engage in positive competition i. e. without the intention of driving other businesses out of market. Much as the price is a factor to consider the quality of a product really matters and especially when it comes to customer royalty.

The entity should strive to offer quality products while at the same time keeping the prices down. Local products are of better quality unlike the imported items. Doing this would mean that the company will win customers confidence and at the same time reduce the impact of any rebellion from local products. Recruitment of skilled employees would mean better services while at the same time training the existing employees would mean improved services. Employee qualification will offer a competitive edge making the company better placed.

A good seller to customer relationship creates customer loyalty. This means that employees have the ability to win and retain customers. This coupled with improved payrolls will definitely boost the employees' attitude making it possible for them to yield better services even with limited supervision.

Better working conditions such as improved medical services and overtime working hours will also motivate the staff (Canals 2000). Sourcing for unique

products either locally or internationally will solve the problem of similarity of products.

This is important because it will win customer loyalty and especially if quality of product is high and prices are favorable. Unique branding coupled with quality sale services will help win many customers and retain them also. Wal-mart can also choose alternative better quality products with unique features to deal with the problem of unique products. This coupled with intensive advertising will be enough to resist the negative effects of availability of substitutes. Offering outstanding customer services like after sale services will win more customers hence improving revenue and at the same time improving the relationship with the society.

The society is the most important stakeholder in the company's existence. Wal-mart must hence relate well with the authorities to avoid rebellious forces from the legislature which are enough to set them parking. At the same time, the company must consider purchasing their products locally to avoid more trouble with local production companies and patriotic citizens. Congestion is a factor to be addressed. This can be done through slowly decongesting the stores to win the customers attention and at the same time keeping the operations going on.

Decongesting the shelves will improve monitoring and ensure expired products do not remain on shelves. The entity should put a workforce in place to ensure that all regulations are adhered to and at the same time maintain their operation. Wal-mart should also consider employing company lawyers to make sure it has a properly placed defense force. This is

necessary since the heavy financial losses will be greatly minimized and better so improve the public image. Course of Action and Implementation Plan There a lot of challenges the company is facing. Others need immediate action while others can be dealt with gradually.

A problem like congestion can be addressed in phases. However a fatal problem like the prevailing poor relationship with the society needs immediate action. The following implementation plan if adopted would yield positive results and would off course not interfere with the firms' objective of saving people money so they can live better. Wal-mart must first of all settle the issues they have with their employees. The human resource department must increase the wages to meet the market standards. The department must also improve all the working conditions.

At the same time the firm must mend the prevailing relationship it has with the authorities and the society. The existing condition is disastrous and unhealthy for any business entity looking forward to go international. Solving these problems would mean an open door making it easier for the firm to expand at a first rate. Wal-mart should also consider checking on their products. The firm is not living to its standards of offering quality at affordable prices. Also the firm must employ better skilled workforce.

There is need to urgently check on this since customers want quality and they interact directly with the employees. Training of the existing staff on quality services is also very necessary. Promotion of local companies; Wal-mart should also consider purchasing their larger proportion of products locally. This is one way of improving the existing relationship with the

society. At the same time wal-mart should sensitize the society on the new local products available in their stores.

Wal-mart should also stop the unhealthy practice of competing with the rivals. Driving them out of market will not be the best solution. This can only make their relationship with the society worse. Wal-mart should also revise their marketing strategy so as to suit the entire society and at the same time be at peace with its competitors. Implementation Schedule All these recommendations should be completed within the next 3 years.

This way the many challenges will have been dealt with successfully.