

Operations management



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WAL-MART: OPERATIONS MANAGEMENT INTRODUCTION Wal-Mart, known as the largest retailer in the world, was founded by Sam Walton in 1962. During the entire years of operations, the company received many awards and one of it was the Ron Brown Award for Corporate Leadership in 2002

(Govindarajan & Lang, 2002). Thanks to Walton's brilliant management, the company earned loyalty from suppliers, customers and other companies. 2.

SCOPE OF OPERATIONS MANAGEMENT 2. 1 Supply Chain and Distribution

During the procurement process, Wal-Mart would always negotiate to its respective vendors the best price that they could offer for their valued customers. They don't just negotiate, but they also look at the vendor's commitment to supply quality goods. Once satisfied, a new business relationship is formed. After procuring the goods, Wal-Mart will stock the items in different distribution centers scattered in different locations.

Barcode technology and hand-held computers were adopted that allows the company to manage a consistent flow of supply. The barcodes will serve as an identification tag of a certain product, while the hand-held computers will serve as the locator of an exact product being monitored (Chandran, 2003).

2. 2 Logistics Outstanding transportation system of Wal-Mart makes the delivery of supplies from distribution centers to respective store outlets fast and reliable. The company would only hire experienced drivers who have good records in traffic rules. Also, all drivers will be monitored using the "Private Fleet Driver Handbook" that serves as a manual for all terms and conditions of delivery, code of conduct and other activities. On the other hand, Wal-Mart also adopted the 'cross-docking' logistics technique in which it reduces the handling and storage of finished goods at the distribution centers by directly delivering it to the customers after being manufactured

(Chandran, 2003). 2. 3 Inventory Wal-Mart exploits the availability of IT systems to gain access on inventory statistics. A satellite communication system was set up that allows the company to have a transparent sharing of information about the marketing and inventory operations between the headquarters, stores and customers. An automated reordering system was also launched that allows Wal-Mart to link with certain distribution centers and suppliers (Chandran, 2003). Likewise, in order to track down all investments of the company based on areas within a store, the company put up an investment center on every store. All data can be evaluated thoroughly using the record put up on the inventory investments (Govindarajan & Lang, 2002). Wal-Mart always utilizes its information technology effectively without depending on an R&D Department (Bettley, Mayle & Tantoush, 2005, pp. 166-67). 2. 4 Marketing and Resource Optimization Advertising creates a huge gap between a certain company against its competitors. Wal-Mart used the 'opening price point' on every store. Visible to its customers, it advertises to the customers that the store is offering the lowest prices than other stores (" Strategic management," 2009). Store associates in Wal-Mart practiced the " people greeter" approach in which they will greet the customers as they enter the store, giving them an assurance that the company is always ready to serve them (Govindarajan & Lang, 2002). Walton suggested also to his store associates that they must make a pledge to look into the customers' eye, greet the customer and ask if there's anything that they can help whenever they are within 10-feet to that customer. He called it the " 10-Foot Attitude" (Govindarajan & Lang, 2002). Walton allowed his associates to receive profit shares whenever they've extended their services at least one year and also worked at least 1000

hours on a year. The company adopted this kind of incentives to its associates in 1971 (Govindarajan & Lang, 2002). 3. CONCLUSION Wal-Mart takes advantage on every resource available that drives into a smooth and efficient flow of activities within the company. The company manages well all its operations: from procurement to distribution, logistics and inventory management, to marketing until to the lowest level of employee management. It's not just the technology the company used that could efficiently run the entire operations, but also the effectiveness of the big bosses to fully commit themselves in managing well the operations.

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