

SAM WALTON

COMPANY:
Wal-Mart Stores

SALES: \$446.9 billion

MARKET VALUE:
\$36.5 billion

EMPLOYEES:
2.0 million

ADVICE: Give the
people what they
want.

IN 1984, a 66-year-old Sam Walton put on a grass skirt and did the hula dance on Wall Street. His wacky performance was in the service of a lost bet over Wal-Mart's profit margins with his chief lieutenant, David Glass.

"Most folks probably thought we just had a wacky chairman who was pulling a pretty primitive publicity stunt," Walton would later write in his biog-



raphy (*Sam Walton: Made in America*, co-authored by Time Inc. editor-in-chief John Huey). "What they didn't realize is that this sort of stuff goes on all the time at Wal-Mart."

Well, that stuff, a whole lot of hard work, and, believe it or not, innovation. The reason Walton, who died at 74 in 1992, 30 years after opening his first Wal-Mart store, was the most successful retailer in American history is that he also was way ahead of his competitors in bringing efficiencies and discipline to the world of retailing.

The cornerstone of his company's success ultimately lay in selling goods at the lowest possible price, something he was able to do by pushing aside the

middlemen and directly haggling with manufacturers to bring costs down. The idea to "buy it low, stack it high, and sell it cheap" became a sustainable business model largely because Walton, at the behest of David Glass, his eventual successor, heavily invested in software that could track consumer behavior in real time from the bar codes read at Wal-Mart's checkout counters.

He shared the real-time data with suppliers to create partnerships that allowed Wal-Mart to exert significant pressure on manufacturers to improve their productivity and become ever more efficient. As Wal-Mart's influence grew, so did its power to nearly dictate the price, volume, delivery, packaging, and quality of many of its suppliers' products. The upshot: Walton flipped the supplier-retailer relationship upside down.

KING OF ALL DISCOUNTERS:
Walton's first store, now a museum; dancing the hula on Wall Street in 1984

