

## **The Beginning**

In 1950, an enterprising young employee of J.C. Penney named Sam Walton resigned in anticipation of being drafted during World War II. When he returned from military service, he purchased a Ben Franklin variety store in Newport, Arkansas, with a loan from his father-in-law and with money he saved in the military. Walton made sure his store was stocked with a wide variety of different goods. Sales quickly ballooned, which drew the attention of his landlord - who refused to renew Sam's lease. Instead, the landlord purchased all of Sam's merchandise for \$50,000. Walton's business career, however, was merely getting started. Next, he secured a new location in Bentonville, Arkansas, where he opened Walton's 5&10 variety store. Walton's store proved successful and before long he had started 15 Ben Franklin stores in three different states as well as his variety store in Bentonville.

## **Wal-Mart**

Sam Walton opened his first Wal-Mart on July, 2, 1962, in Rogers, Arkansas. Wal-Mart's motto was "The lowest prices anytime, anywhere."

## **The Philosophy**

Walton's business soared and he decided to expand. To avoid competing with retail giants such as Sears and K-Mart, he built his stores in rural areas. Walton believed that sales would soar if costs were low. He believed if he lowered the costs of individual items, the number of those items he would sell would increase. Not only was Walton proving to be a successful entrepreneur, but he also knew how to motivate his employees. Walton encouraged his employees to buy equity (ownership percentage) in the stores and thus, develop a personal stake in the success of the store.

## **Did it Work?**

Wal-Mart grew at a record pace and was listed on the New York Stock Exchange in 1974. Throughout the 1970s, Wal-Mart stores were erected in the South, and the company began acquiring established stores such as the Hutchinson Shoe Company and Mohr-Value. It also expanded its in-store offerings to include jewelry, auto service, and pharmaceuticals. Wal-Mart continued to expand throughout the 1980s and 1990s and began building Sam's Club stores, membership-only warehouses where customers could buy products in bulk for discounts. By the early 1990s, Wal-Mart expanded throughout the United States and internationally. By 2005, it was reported that Wal-Mart was serving nearly 138 million customers every week! Today, it is the largest employer in the world with over 2.3 million employees. It operates nearly 12,000 stores, more than half of which are outside of the United States. It additionally operates 655 Sam's Club stores. With a 2016 total revenue of \$482 billion, it is the world's largest company and is still headquartered in Bentonville, Arkansas.

- 1. What happened as a result of Sam Walton's landlord refusing to renew his lease?**
  - A. Walton struggled to find a new place to operate his business
  - B. Walton had \$50,000 to invest in a new business
  - C. Walton returned to military service
  - D. Walton got a loan from his father-in-law
  
- 2. Why did Walton build stores in rural locations?**
  - A. To compete with retail giant such as K-Mart and Sears
  - B. To make sure his stores had enough space to expand
  - C. To make sure he could acquire established stores
  - D. To avoid competing with retail giants such as K-Mart and Sears
  
- 3. Which of the following best describes Walton's sales philosophy?**
  - A. Making prices lower on individual items will result in higher sales for those items
  - B. Cutting costs for retail items will result in decreased sales
  - C. Sales would increase by raising prices and opening more stores
  - D. Sales would increase by offering as many different items as possible
  
- 4. Which of the following best describes Walton's philosophy on employee motivation?**
  - A. Giving employees discounts on items will make them work harder
  - B. Giving employees time off and benefits will increase loyalty
  - C. Encouraging employees to own part of the company will give them a personal interest in the success of the store
  - D. Encouraging employees to sell as many items as possible will make the company's sales increase
  
- 5. Which of the following would a person likely be interested in buying at Sam Club's?**
  - A. A jar of peanut butter
  - B. A carton of Orange Juice
  - C. A bicycle
  - D. 10 boxes of cereal
  
- 6. Select all of the following that are true about the final paragraph.**
  - A. It has more statistics than the other paragraphs
  - B. It discusses how Wal-Mart expanded from the 1970s to the 2000s
  - C. It discusses Wal-Mart's first store outside of the United States
  - D. It tells that most of Wal-Mart's stores are located in the United States

**7. What question is not answered in the passage?**

- A. Where did Sam Walton get the money to purchase his first Ben Franklin store?
- B. When was Wal-Mart first listed on the New York Stock Exchange?
- C. Where was the first Sam's Club built?
- D. How many people around the world work for Wal-Mart?