Walmart Case

WHAT IS CULTURE?

= collective programming of the mindset, behavior will be the issue

= same culture = same mindset

🡪 Difficult to grasp all aspects

🡪 Cultural dimensions Hofstede

**Cross cultural management**

= Conflicts across frames most difficult to solve

**Strategic thinking**

= what is the frame in which we operate

= Need to rethink what you do!

* Outside framework
= might lie biggest opp/issues
\* disruptive strategies, questioning logic
e.g. Uber
* Biggest disasters
= stuck in frame
e.g. Nokia, Kodak, Blackberry
* Tempting to keep doing what you’re successful in

2. STRATEGY IN 3 STEPS

1. Why do we need strategy?

1. Reach LT goals
2. Create competitive advantage
3. Achieve consistency in company, direction, alignment
4. To make money in sustainable, durable way

2. Are we making money?

* Industry analysis
	+ Happen to be in the right market, at right time in right place
* Competitive adv
	+ Unique competences, strategic assets
	+ Sustainable comp advantage in our industry
* Resource based view
= start form getting to know your own resources x start looking at competitive advantages
🡪 AFTER: look at resources & countries you should be in etc.

Strategy

= search for LT outperformance

3. Why does competitive advantage matter?

= will result in better performance, especially when sustainable

🡪 Need to keep up success & do it better

🡪 Success can easily lead to failure, hardly any success has even been achieved without failure

e.g. airline sector

3. KEY ELEMENTS IN WALMART’S STRATEGY FOR SUCCESS

Industry

* Powerful suppliers
* Norm area’s
* Very competitive
* Low barriers to enter
* Hard to differentiate
* Commodity
🡪 Not very attractive from that PoV
🡪 Went for rural areas: first mover advantages, local monopolies

WM Strategy

* Every Day Low Prices (EDLP)
= lower than relevant competition
= NO local competitor present, so slightly higher P possible
* Different stores, different prices

Sources cost advantage

* Scale
* Supplier relationships
* Logistics, IT
* Low wages
* Real estate
* Overhead

Copied to other filials

* Transportation methods (few large distribution centres)
* Resources
* Core competition quite alike
* Culture
* Keep moving!

Internationalizing

* There is no such thing as an effective countrywide strategy!

**Beyond standardization**

= companies that went beyond global standardization & benefitted from internationalization otherwise than through a (direct) decrease of cost or global pxs offerings

4. EXTRA

**Minimum Efficiency Scale**

Natural monopoly

= MES > 0.5

= room for 1, but not for 2

🡪 Allow 2 or 3 licenses to ensure competition

**Should or shouldn’t we internationalize?**

= depends on what we believe is our competitive advantage & if we can continue that in other countries

e.g. Walmart

Success = UK, MX, Canada, Central America

Balance = Brazil, China, Japan

Failure = Argentina, Germany