



WALMART

Walmart has its mighty presence in 11,766 locations worldwide with over \$500 billion in annual revenues, it is the largest private employer in the United States, with over 1.5 million and 2 million worldwide.

Disruption

Walmart realized that with the changing environment in the digital era, the annual revenue was affected and was decreasing over time to approximately 60% from over a decade ago. This was particularly due to the rise in eCommerce and people's behavior toward buying things online. Most of these behavioral changes can be owed to Amazon and similar large format players.

These behavioral changes were creating disruptions across the value chain in the retail industry. This digital transformation was creating newer jobs and changing the nature of jobs in the hierarchy. The new era required reskilling of employees and hard choices, in an uncertain environment, in order to deploy its capital adequately, given the size of Walmart.

They particularly noticed that the revenue at Walmart's "supercenters" (larger stores that offer value-added services) increased by approximately 16%. This meant that the other formats were resulting in decreasing revenue at much higher levels.

The Transformation Decision

When Walmart realized that it was missing its business goals repeatedly and hence it initiated a transformation process by focusing on four areas to achieve its goals, including, first working on the cultural aspect of change in the company.

- **CULTURE DECISION** Walmart focused on being a tech company besides being a retail giant in the new era. Since Technology was becoming central to its business activities.
- **STRATEGIC BUSINESS DECISION** Closing unprofitable business format and increase the formats of the ones that are growing
- **TECHNOLOGY ADOPTION DECISION** Investments in e-commerce infrastructure and focus on technological innovations including use of robots and in-house incubation of technological automation became a key decision point. This included organic and inorganic activities.



- **HUMAN CHANGE DECISION** Changes in its employee training and support to reskill and adapt to new changed environment and continuous improvement for the growth goals that company had undertaken.

Culture Adoption

To get through its transformation journey, Walmart first focused on its culture and its direction on creating a mindset to adopt the new way of working and adapting. Walmart focused on being a tech company as much as a retail company in its digital journey and saw the nature of job changing at entry as well as higher levels. These were the key change and resistance zones which were identified and required group training, self-learning and incentivization to culturally fall in line, for the changes that were envisaged.

Strategic Business Change

- First decision that was taken was to Increase the supercenters and closing of other formats
- Create a seamless customer experience by using an omnichannel strategy. Improved e-commerce and automation using digital technology, both on the floor and in back-office roles.

Technology Change

- To improve its e-commerce infrastructure, Walmart acquired jet.com for \$3.3 billion in 2016, Further investments were done in adopting robot-based technologies for repeatable regular tasks like unloading trucks, scrubbing floors, scanning shelves, and getting items out of storage for curbside deliveries.
- Digital era brought about a gig economy that disrupted end mile service deliveries. Walmart had to also undergo changes in its partner ecosystem, for which it reached out by partnering with platforms including Doordash, Postmates, Uber, and Lyft for package and grocery delivery.

Human Change

- Walmart focused on building long-term, transferable skills using a program called Pathways. This was a program that teaches associates about the retail business model and explains the purpose and the deliveries of the work they are asked to do. This helped develop soft skills that are useful in any field. This was however not as popular as envisaged and had to be reoriented.



- Walmart introduced a program in 2018 that offered workers the opportunity to enroll in an online business degree program for \$1 a day. This became an incentive for people to learn and adapt to their environment, while, at the same time, achieve getting a debt-free college degree.

These changes helped Walmart to get back in its growth zone which was reflected in its enhanced quarterly results.

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