Structure of systems: Walmart Inc.

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Inventory Process Management and Control (LOG666-1803A-01)

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7/11/2018

Executive Summary

Walmart ranks among the most successful retail giants in the history of Humankind. Headquartered in Bentonville, in the united states, the company operates a wide range of grocery stores, hypermarkets, and departmental stores globally. The company was Initially formed as Wal-Mart, Inc., but changed its name to Wal-Mart Stores Inc., one year after its formation. Currently, the company has a presence in 28 nations and has a total of 11,718 stores globally. Walmart is a stable firm with excellent management and a robust inventory management process. For this management, it has managed to remain a top retail giant, 56 years after its formation.

Walmart has managed to remain on top of the retail industry, despite the changing demographics, economic and political conditions globally. Several factors have enabled the company to outcompete its rivals, among them: innovation, and a robust inventory management process. Some of its competitors include Carrefour, Target Inc., and Costco. The company pioneered the sale of the big box in the United States, and has aggressively, engaged in international expansion since its formation (Howard, 2015). Under the leadership of Doug McMillon, its CEO and Greg Penner who serves as its current chairman, the company has managed to offer products at a price that is affordable for most people globally. Its excellent performance is evident in the fact that as of February 2018, the company, the company had revenue of $500.34 Billion, and an operating income of $20.437 Billion.

Inventory plays a crucial role in influencing the performance of any retail company. In this context, inventory refers to a list of merchandise that a company holds, at a particular time, with the aim of offering them for sale to customers. The inventory provides a competitive advantage to a company since it satisfies the needs of clients at any time (Parniangtong, (2017). For instance, a company with a large inventory always has products available, in case clients’ needs them. This approach ensures that clients are fully satisfied, and the organization does not incur extra charges in purchasing emergency inventory, to meet short-term demand. Walmart has been able to leverage the power of inventory and use it to gain a competitive advantage over its rivals.

Overview of Inventory Management Process

The success of Walmart Inc. can be attributed to its robust inventory management process. Walmart regards its suppliers as part of its inventory management process. Primarily, the firm acts as a link between suppliers, and end users of specific products. The company has mastered the art of inventory management and relies on its cutting-edge technology to manage inventory (Ayers, & Odegaard, 2017). The company uses Vendor-Managed Inventory, to control the inventory levels, and ensure that goods are always available for sale. In this model, Walmart’s suppliers manage inbound inventory and are responsible for sending products to Walmart’s distribution centers, and all costs associated with the exercise (Mateen, & Chatterjee, 2015). The suppliers are granted access to the firm’s information system and can monitor data on inventory levels from the company’s database. If the inventory goes below a certain level, the suppliers send additional inventory to ensure customer satisfaction.

Walmart controls outbound logistics, which entails the flow of information, and inventory from the distribution centers to warehouses, and retail stores. Goods are moved into the retail stores on demand and transferred to customers when they make a purchase. The company utilizes a real-time inventory management system, which allows the suppliers, and the company to monitor the sale of goods and inventory levels. This approach helps the company to keep inventory at manageable levels and ensure that they are always available when needed. This inventory management approach ensures that the company meets its client's demand, and incur minimal costs.

To minimize the cost of inventory management, the company also utilizes cross-docking. In this approach, goods are moved directly from a supplier’s truck to a Walmart’s track at the distribution centers. Cross-docking has enabled the company to minimize the costs associated with setting up of new distribution centers. For Instance, it eliminates the need for offloading the goods and transferring them to the distribution centers storage. Cross-docking also ensures that the company’s inventory management is responsive, and reduce delays, in supplying inventory to the retail stores (Mateen, & Chatterjee, 2015). For instance, it allows the company to respond to ever present fluctuations in demand and customer preferences.

The suppliers, vendors, and consumers affect the process of inventory management for any firm. When consumers make purchases at any of the Walmart’s stores, the inventory reduces, and below a certain level, and more products are brought into the store from the warehouse. On their parts, suppliers play a vital role in the inventory management process, by ensuring that inventory levels are kept at the desired levels. If the level drops below a certain threshold, they bring in more products to the distribution centers. On its part, Walmart controls outbound logistics and ensures that there is close coordination with suppliers, and other stakeholders, to minimize hurdlers in the management of inventory.

Conclusively, Walmart’s success can be attributed to its robust inventory management process. The use of a Vendor-Managed Inventory model helps keep the cost of operations incredibly low, allowing the firm to offer products at a lower price than its rivals. At the center of the inventory management process is a robust information management system, that enhances coordination between the company and its suppliers. For instance, the firm utilizes Universal Product Code bar codes, to manage inventory, and ensure that any information about the inventory is collected, and analyzed.

References

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