BIOGRAPHY & MEMOIR

The 10 Rules of Sam Walton

by Michael Bergdahl

A former Walmart leader breaks down, one by one, the 10 rules Sam Walton lived and taught.

BEST POINTS FROM THE BOOK

01 **Rule 1 - COMMIT to achieving success, and set high expectations for everything you do.**

Bergdahl opens the book here: Walton paired the highest standards with lockstep execution, starting with himself. Passion and a never-say-die attitude come before any tactic.

02 **Rule 2 - SHARE your success with those who have helped you.**

From 1971, profit sharing reached every hourly associate (about 6 percent of wages), and managers shared the real profit-and-loss numbers, even with cashiers. Walton called profit sharing the single best thing the company ever did: owners act like owners.

03 **Rule 3 - MOTIVATE yourself and others to achieve your dreams.**

Pay and ownership start it, but Bergdahl says Walton kept people fired up with fresh goals, contests, and stair-stepped targets - a creed Wal-Mart summed up as HEATKTE: High Expectations Are The Key To Everything.

04 **Rule 4 - COMMUNICATE with people and show you care.**

Wal-Mart opened the books, ran stand-up meetings and the famous Saturday morning meeting, and sent leaders into stores in person every week. Informed partners care more and make better decisions.

05 **Rule 5 - APPRECIATE and recognize people for their efforts and results.**

Bergdahl describes a recognition culture built on catching people doing things right - down to Walton's handwritten thank-you notes. Praise costs nothing, and people repeat what gets noticed.

06 **Rule 6 - CELEBRATE your own and other people's accomplishments.**

Hit a goal, throw a party: cookouts, award pins, VPI winners posted on the wall, the Wal-Mart cheer. Bergdahl treats fun as strategy - happy associates create happy customers - and says to match the spotlight to the person.

07 **Rule 7 - LISTEN to others and learn from their ideas.**

Walton roamed stores with a legal pad, asking open-ended questions and taking notes; the front-door greeter began as one Louisiana store's idea. Bergdahl's listening tools: one-on-one meetings, an open door, and grass-roots opinion surveys.

08 **Rule 8 - EXCEED the expectations of customers and others.**

Satisfaction guaranteed, plus 'retailtainment' to make shopping fun - and a 10-foot rule: any customer within 10 feet gets greeted and offered help. Give people more than they expect and they come back.

09 **Rule 9 - CONTROL EXPENSES and save your way to prosperity.**

Frugality was grass-roots: Walton once had a cartload of unread computer reports wheeled into a Saturday meeting as a monument to waste, and killed them on the spot. Every saved dollar is what funds low prices.

10 **Rule 10 - SWIM UPSTREAM: be different, and challenge the status quo.**

Walton borrowed good ideas from anyone, kept concepts simple (KISS), and kept inventing formats the experts dismissed - Supercenters, Neighborhood Markets. Ignore conventional wisdom; take calculated risks.

11 **Bergdahl's distillation: 6 of the 10 rules are about how you treat people.**

Rules 2 through 7 are people rules; the rest split into personal commitment, customers, costs, and risk. He boils all ten into five buckets: communicate a clear strategy, take care of your employees, control your costs, exceed customer expectations, and challenge the status quo.

THE BOOK, IN SHORT

Michael Bergdahl worked at Wal-Mart headquarters in Bentonville, Arkansas, as Director of People for the home office, and he worked directly with Sam Walton - who gave him the nickname 'Bird Dawg.' With a foreword by Rob Walton, this book takes the 10 rules Walton shared in his own memoir and gives each rule a full chapter of insider stories, manager interviews, and how-to advice.

The first four rules set the engine. Commit: total passion for success, with high expectations for everything, starting with yourself. Share: profit sharing for every associate from 1971, plus open books - managers shared the real numbers. Motivate: fresh goals, contests, and stair-stepped targets, because money alone wears off. Communicate: stand-up meetings, the Saturday morning meeting, and leaders who show up in the stores in person and show they care.

The middle rules build the culture and the customer experience. Appreciate: a recognition culture of catching people doing things right, down to Walton's handwritten thank-you notes. Celebrate: goal parties, pins, and the Wal-Mart cheer - fun treated as a business strategy. Listen: Walton working the stores with his legal pad, mining associates' ideas; the front-door greeter started as one store's

idea. Exceed expectations: satisfaction guaranteed, 'retailtainment,' and the 10-foot rule for greeting customers.

The last two rules are the competitive edge. Control expenses: a penny-pinching culture driven from the floor up - associates hunting waste in their own areas - because saved costs become lower prices. Swim upstream: borrow ideas from anyone, keep it simple, and challenge conventional wisdom, the mindset that produced Supercenters and Neighborhood Markets in towns the experts had written off.

Bergdahl's closing distillation is the honest core of the book: 6 of the 10 rules are simply about how you treat people, and all ten boil down to five buckets - communicate a clear strategy, take care of your employees, control your costs, exceed your customers' expectations, and challenge the status quo by taking calculated risks. Every rule is easy to understand, and that is the trap. Businesses rarely fail from not knowing the rules; they fail in the daily follow-through.

DO THIS WEEK

Pick the one rule of the ten where you are weakest - for most people it is Listen or Appreciate - and run it on purpose every day this week. For Listen, use Bergdahl's Wal-Mart method: ask one person who does the real work a single open-ended question, write the answer down like Walton with his legal pad, and act on it within 24 hours.

By Michael Bergdahl, first published 2006 (Wiley), with a foreword by Rob Walton. Read it if you want Sam Walton's rules explained step by step by a man who worked beside him at Wal-Mart.