

## **The Empire Club Presents**

**SHELLEY BROADER  
CEO, WALMART:**

### **LEADERSHIP TODAY: STAYING AHEAD OF THE CURVE IN TODAY'S HYPER-CHANGING WORLD**

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November 17, 2014

**HEAD TABLE:**

**Distinguished Guest Speaker:**

Ms. Shelley Broader, President & CEO, Walmart Canada

**Guests:**

Mr. Clay Broader, Student (Shelley Broader's son)

Mr. Stephen Brown, Partner & Retail Consulting Leader, Deloitte

Mr. Sunir Chandaria, Vice President, Conros Corporation

Ms. Anita Gupta, President & CEO, NMI Sales Tax Consultants

Mr. Stephen Hewitt, Senior Manager, Corporate Affairs, TD Bank Group

Mr. Jim Muzyka, Senior Vice President, Xerox Services

Mr. Ernie Philip, Vice President, Xerox Services, Xerox Canada

Capt. (Retired) the Rev. Phil Ralph, CD, National Program Director; Wounded Warriors Canada; Regimental Chaplain, 32 Combat Engineer Regiment

Ms. Andrea Wood, Senior Vice President, Legal Services, TELUS; President, Empire Club of Canada

**Welcome Address by Andrea Wood,  
President, Empire Club of Canada**

Ladies and gentlemen, the retail industry, like many others, is undergoing a period of massive transformation. Globalization, e-commerce, and income redistribution are some of the forces driving that transformation. There are very few companies in the history of retail that have been as adept at surviving changing economic circumstances as Walmart. Founded over 50 years ago by Sam Walton, Walmart began with one store in Rogers, Arkansas. Today, it is a global giant. It serves 200 million customers each week with 2.2 million employees and 11,000 stores in 27 countries. It is massive!

Our speaker today is responsible for Walmart's operations in many of those countries. Shelley Broader is the President and Chief Executive Officer of Walmart's EMEA region. As you heard during my introduction, this means that she has responsibility for the company's retail operations and business development across Europe, the Middle East, Sub-Saharan Africa and last and, certainly, not least Canada. Not only does she have a massive portfolio within Walmart, but she has been at the forefront of advancing women in the retail business. A program that she pioneered in Canada, the Women in Retail program, has now been exported across the Walmart organization, and we are honoured to have some of the participants in the Canadian program with us today. Would you stand up and be recognized, please?

Shelley has her work cut out for her. Walmart has been in Canada since it bought 122 Woolco stores back in 1994.

Remember Woolco, everyone? Since then it has been a favourite destination of value-conscious Canadians, but the competitive environment has been particularly fierce in the past couple of years with the arrival of several American chains. Walmart has successfully navigated that environment with Shelley at the helm. That is not surprising. You will soon see what I mean.

We are very grateful that Shelley has joined us today to share her perspectives on what it takes to stay ahead in today's hyper changing world.

### **Shelley Broader**

You know you are jetlagged when you get exhausted just listening to your own bio. Well, first of all, thank you so much to the Empire Club for this incredible honour of asking me to come and speak today. And the topic that I was asked to speak on is how do you stay current and how do you keep ahead in a changing environment? And I think how best to do that is to tell you a little bit about how I got to where I am today, which is quite an unusual position. The combination of the Middle East and Europe and Africa and Canada seems like an unlikely group of countries to amass together to form a region in the Walmart chain. But there are many reasons why those countries fit perfectly together. So I was born in the U.S. in the Pacific Northwest in Spokane, Washington, and for my entire life I knew what

I wanted to be and that was a journalist. So many of you had dreams of what you wanted to be. There are firemen in the audience today. There are soldiers in the audience today. There are doctors and nurses, but, instead, we ended up where we are in our current employment. So when I went to university in Washington I specifically chose my university because of their incredible journalism school, Washington State University. And when I graduated from school and did my first internship, something really unusual happened in that first internship, something that I had not personally faced that often in my own life, and that was I was not very good at it.

Now, I was pretty darned good at journalism in school when it was all a very controlled atmosphere, but when I got out there, and I realized that there is no News Team 5 bringing the news to you; there is a series of independent contractors trying to build their own résumé tape to get to a bigger market. And so—oh, and I see the journalists in the audience laughing at that—what I found was that I got my lunch eaten. I was not aggressive enough, and I did not understand the business of journalism and the business of media.

There is a good chance I could give them hell today, but then, again, I did not, and so I did what most good washouts do, and that is move home and live in your parents' basement. Now, there was only one problem with that and that was the basement was already populated by my older

brother, who also had washed out and was living in my mother's basement.

So my mother gave me this incredibly generous gift, and I grew up very humbly. My father was killed in a car accident when I was a very young child, and so my brothers and sisters and mom and I really forged together to form our economic family unit. And so for my mom to say, "I am going to find the money, and I'm going to buy you a ticket to any city that you want to go to so you can start your life," kind of seems like Mom kicking you out, does it not? But, in fact, it was not. She wanted me to have an incredible life experience, and she said, "You have hunted your whole life down. Now, you have got to let your life find you," so, in the late 80s, I packed up and moved to Boston, Massachusetts. I had never been there. I did not know anyone there, and I did not have a job. I just showed up in Boston. I do not know if you remember a show called *Spencer: For Hire*, but it used to be on TV, and I thought it looked cool, so I moved to Boston, and I ended up getting a job in the mutual funds business. I was not a finance major. I was not a math major. I was a journalism major, and I remember during the interview when they said, "Are you familiar with the market? Are you familiar with the bond curve?" I was, like, "Sean Connery? Good." So I was familiar with the bond curve, and I went into the financial market, and I had never in my life studied so hard. I studied so hard to understand the financial market, to understand mutual funds, to know

why people would want to own a group of funds versus an individual stock, and I found that I quite liked it. I got my Series 7 license there and was an inside wholesaler selling mutual funds to other licensed dealers, and one of my best clients was in Albany, New York. And, lo and behold, I had a very nice boyfriend who was also from Albany, New York. It was kismet.

My husband says I used to date for dinner, and that is the only reason why we met on a blind date, but I was a little hungry in those days. My husband and I met—he lived in Albany, New York—and I went to work for my biggest client there. After several years, still trading stocks and bonds, I found that my biggest client at that time was a supermarket chain in New England called Hannaford Brothers, and I used to do debt financing for them. And Hannaford Brothers called and said, “Gosh, we really like working with you. Why don’t you come and work for us in the Finance Department?” I said, “Well, that sounds different and interesting, and buying and selling groceries has got to be like buying and selling stocks and bonds. I’ll go,” so my husband and I packed up, and we moved to Portland, Maine to work in the Finance Department at Hannaford Brothers. And the way that Hannaford worked at that time was that this was a retail business, and so I had a bit of a flashback from my days of interviewing in Boston when they said, “Are you a retailer?” I liked to shop a lot. I thought perhaps that qualified, so I said that I was a retailer.

And Hannaford’s training program was that every person that worked in their corporate office needed to understand the most important jobs in the store, and the most important jobs are the ones that are customer-facing. So, they take all of their associates, and they put them in the stores for a six-month period of time.

So I had been a journalist; I had been a banker; and now they were throwing me out into one of those supermarkets for my training, and I got out there, and I was overdressed. It was the 80s, so I had big old buttons on my suit jacket, and I was out there, and it was my very, very first day on the job training to go into the Finance Department. But I was in the stores, and I was on the register, and they had this orange cone at the end of the aisle. It said, “Thanks for being patient. I’m new.” And you could see people push their carts up to my lane, and then go, “Ah,” and then speed by. No one wanted to come to my checkout, and so I was learning—and it was very slow. Boop, booop! And I looked up—and you know when you see someone, a friend or a co-worker or a teacher or your religious leader, and you see him out of context like at the bowling alley? They look all weird. So I saw this man coming through my line with his Barbasol, and he looked at me, and I looked at him, and we knew we knew each other, and then I remembered: The gentleman that I had done a debt financing deal with two weeks before for millions of dollars for a petroleum refinery in Brooklyn, New York. And he looked me in

the eye, and he said, “Shelley, what happened?” And I said, “I’ve changed careers.” Booop, booop! And I was incredibly embarrassed. And I remember going home to my husband that night and saying, “Oh, the worst thing ever happened to me today at work. I am booop, booping, and the people are going by. I wasn’t good at it, and then, you know, the guy from Simba Petroleum is in my lane, and I’m so embarrassed.” And my husband says, “Why were you embarrassed?” And I said, “Well, booop, booop!” And he said, “Well, you’re not proud of working there? Then why did you take that job?” And I said, “Well, I didn’t. I’m going to work in the Finance Department.” And he said, “No, you work for a supermarket company in the supermarket business.” And that did not sound like that big of a deal, but it was actually quite an epiphany for me, that I had really made the decision just to move because I had met nice people in the Finance Department. I had not really decided that I was going to be in the retail business, and the retail business is a very unique and different kind of business that does not have the sexiest reputation. It is not journalism. It is not investment banking. It is, you know, booop, booop! And I made a decision right there that I was going to find my way to love that industry and to find a way to be so proud of being a retailer.

And what happened to me next was in my rotation in the stores, a really unique thing happened to me, unlike my experience in journalism. And that was I just fell in love. I

absolutely fell in love with retailing, and it is fun to sell you stuff. It really is, but even more fun than that is working with the associates. You talked about the millions of associates that work for Walmart around the world, but the associates that work in retail are an incredible microcosm of the world, and so in a retail environment, you find people whose IQ is infinitely higher than mine, whose EQ is infinitely higher than mine, whose life experiences and skills and work ethics are infinitely better than mine. But some situation in their upbringing, in their life, in their job, in their career, in their continued education led them to say, “I’m going to go work at Walmart,” or “I’m going to go work at Sobeys” or “I’m going to work at Loblaws for a couple of months until my mom gets better,” or “... a couple of months until maybe I enlist in the service,” or “We didn’t know we were going to have that second baby, so I’m going to take that part-time job.” And pretty soon, a year goes by and two years go by and three years go by, and what started out as a stop-by job for lots of people in retail becomes their life-time career, and so my job became finding these PhDs waiting to be discovered, finding these people with accounting skills and mathematical skills that would blow your mind with how clever they are or people that can look at a complex problem and solve it instantly because their life experiences have led them there.

So my passion, retailing, has really come from the people side of the business, not that I do not love selling stuff. I

do, but it is the idea, you know, in Canada, that the 100,000 Walmart associates here and their collective intellect and wisdom and work ethic gives us the ability to do such cool things. And I have learned just so incredibly much from them.

So I now have been in the retail business for over 25 years, and through that time I have done every single job there is to do from cashiering, as we know, to working in all of those deli departments, meat departments, night crew. I ran a distribution centre for a period of time so, yes, I had the steel-toed boots and am fork-lift trained, and I ran the merchandizing and buying departments, the marketing departments, communication. I have done every single job in retail that there is to do except the one I was hired for. So I have never been the CFO.

It is funny how life changes, and part of this idea about remaining flexible is looking for the opportunities that present themselves to you and having the courage, not necessarily the foresight, but the courage to take yourself, your business, your career into a direction that you never thought it would end up in.

As I look at the Canadian marketplace today, we were five years ago a sleepy market. It did not feel necessarily like a sleepy market, but it was a sleepy market. I venture to say that of the big retail brands that are multi-national or of all of our suppliers that supply the world, if they were to rank their most profitable markets, not their biggest

markets but their most profitable markets, Canada would rank right up in that top quartile if not higher for most firms, for most vendors, for most suppliers. So the shoes you buy, the TV you watch, the car you drive, the paint on your walls, the company that is manufacturing that is making a lot of money in our market. So in the last five years on a scale of retail competitiveness, Canada has gone from what would be considered—it sounds insulting but—less of a competitive market to now in this short period of time entering a phase called “hyper-competitiveness.” There are very few markets in the world—the U.K. being one, Japan being another—that are considered hyper-competitive, and the things that add to hyper-competitiveness is lack of top-line top growth, lack of population growth. So there is not an enormous amount of in-bound customers for you to win over. Very, very good, strong, solid, local retailing. There is world-class local retailing in Canada. We have some of the finest home-grown local retailers in the world. If you look at Shoppers Drug Mart, if you look at Sobeys, Loblaws, Canadian Tire, those are some of the finest in their space in the world.

And then you have got the entrance of global, multinational payers. It causes this phenomenon called “hyper competitiveness” which means that most of our business needs to come from each other, instead of coming from a new source of growth. And so when you have the Queen Mary, like we do—and everyone knows the old adage that

it takes a long time to turn that ship—how do you make sure that a company that is 52 years old does not feel like a company that is 52 years old? Feels like something that is happening. Well, it is tough, and we are not always successful.

There are many, many keys to how to stay ahead, and one of them is not to rest on your own laurels and not to believe that what got you here will get you there. And that is an adage in business that is talked about a lot, and we are sort of tired of hearing some of these old phrases. But a few of them are really amazing, and in this particular, ten-year period—five years past and five years ahead—we will see more change in the consumer and in retail than we will see in our entire lifetime or that happened in generations before us. And there is one thing that is driving that, and what is it? Technology.

So before—and I mean five years ago or less—I was in charge of what you bought. You probably did not know I was in charge of what you bought, did you? But I was. I was in charge of what you bought. I decided what tape you wanted to wrap your Christmas presents with, how many pairs of panty hose should you look at before you buy, what type of power washer you would want this spring? I was in charge of that, and I was also in charge of how much I thought you would be willing to pay. So who is in charge of those decisions today? You are. You are.

So there is a job in our company called “Category Manager,”

and what a Category Manager does is a Category Manager would look at a category like power washers, and they would say, “Okay, what is the opening price point power washer, the lowest power washer that fits for purpose?” That means you plug it in; you hook the hose up; and water squirts out real hard. Okay, that would be your opening price point power washer. Then you would identify the range of all the other power washers that have all the bells and whistles up to that one that would just take your skin off right there at the very high end. So he would decide or she would decide which one of those is best, how many we want to carry that and how we move that through the system.

So, today, if you were in the market for a power washer, what would you do? You would Google it, somebody said. You would go online, probably Google it, and you would look up ‘power washer’, and there would be an array of power washers that would blow your ever-loving mind, that would come up when you Google it.” And you now are your own Category Manager, and so what Walmart and companies like us need to do is find out how we meet you at that intersection of digital and physical.

So there are companies that had been very successful, digital only. There are companies that are—most companies—very successful, bricks-and-mortar, physical only. The successful retail companies of the future need to understand the intersection of physical and digital. Many people have written and analysts have written that our stores will end up

being an albatross to us, that our millions of stores, hundreds of thousands of stores all over the world in 27 different countries will end up being an anchor to us or an albatross. But in fact, to us we view our bricks-and-mortar stores as our most important and significant competitive advantage. Let us look at Canada, specifically—second only to Russia in land mass with a population of California that has got some barriers to entry. There is a whole lot of space and not a whole lot of people, and we live in a pretty concentrated area along the border, but Walmart already serves even the outer regions, everywhere except a couple territories. We are there and so instead of being burdened by that bricks-and-mortar asset, the way that we view it is we have 400 points of distribution. We have 400 points of distribution to customers. So when you are searching for that power washer, you get to make a decision that you never had the power to do before and this will be in every aspect of your life. Am I here for information, to learn? Maybe. Am I here because I want to decide where I am going to go purchase this Saturday morning, and I want to know what the hours are and what stores are available? Maybe. Are you looking to see if the store you usually go to has these items in stock? Maybe. Would you like them to drop that off at your cottage because that is easier than having it to your home? Maybe. Would you like to pick that up on your way because you have other shopping to do that you want to do in person so you want to pick it up at the store?

Maybe. Do you want that sent directly to your house so that you do not have to worry with that? Maybe. Would you like that sent to another location where you are also having something sent so you do not have to go to two or three spots on your way home? Maybe.

All of these options are at that intersection of digital and physical, and the winning retailers and the winning businesses outside of retail will understand how to master that intersection. They will understand that all of the power that we had for years in how we priced and how we assorted and how we promoted and how we hired and retained associates has now been surpassed by something infinitely faster and smarter than most of us. By the way, this is a \$5 phone case from Walmart.

We will all be replaced by that technology unless we find a way to be enhanced by that technology, and you can live in fear. Boy, we do. There were early years at Walmart where we thought “That new fangled internet is just going to be fad,” right? Everybody had those thoughts at one point in time until you realize you have got to go side-by-side with technology.

How many of you have a Twitter account? How many of you know what Snapchat is? How many of you know what Tumbler is? Pretty good. How many of you have goofed around on Twitter during a sporting event or a live broadcast of anything? Okay. If you have not, I suggest that you do because A) It is the funniest thing ever and B) you get a



real feel for how knowledge is shared and trends are started. I am going to tell my favourite—I can just see the poor Walmart table is going to say, “Oh, God, don’t. Please don’t,” but I am: Talk about *Sharknado*. How many of you know what *Sharknado* is? Raise your hand if you know what *Sharknado* is. Okay, you will be safe then when it happens. So *Sharknado* is a movie made by the Syfy network, and it was probably made for less money than it cost to hold this luncheon. It is the story of a tornado that goes over the ocean that is so powerful it picks up sharks, and then that shark-filled tornado goes over and gets dropped on Los Angeles, and there are live sharks eating people all over Los Angeles. It is so preposterous and so ridiculous that it is unbelievable!

And when Sci-Fi Channel aired *Sharknado* something phenomenal happened, and that is that a couple of kids watching Shark Week saw the sharks flying around in the tornado and started a Twitter handle about it on Twitter. So people looked at it, and they said, “What are these guys talking about?” And they turned the TV on, and then they laughed at how bad the movie was, and they tweeted, and then it started to trend, and what happened with *Sharknado* is by the end of the movie, 90 minutes of fun and frivolity with flying sharks and chainsaws, it became a cultural phenomenon that this terrible, low budget movie took over social networking. Out of that came *Sharknado 2*, *Sharknado 3*. These B-roll movie stars that were in this terrible movie

are now cult heroes, and this idea of interacting with a greater group during live events is the real future of how trends are made. And so keeping yourself current does not mean you have to participate in Twitter, but you should have a Twitter handle whether it is really your name or one private, that you go on and look at. And if you are a hockey fan or you like sports, watch how the other patrons that are like-minded to you communicate to each other.

So many people felt that more and more time on computers would be more and more isolating to people, and I think what we have found is that more and more time on computers has a way to bind together like-minded people. That is a positive thing, and that is a negative thing. The positive thing is that when you are trying to sell to a certain demographic, young moms, for example, you know where to find them. You know how to talk to them. You know the things that will attract them to your site and to your product. Those are the positive angles. The negative angle is that things that are very small factions can find each other in very powerful ways. So the way that we think of social media is, whether you like it or not, it is your marketing department. Right? So people talk about how much money they are spending on marketing or how their brand image is going. Your social media image, your brand image today is created by social media, not by you.

So the idea of authenticity in your brand is greater than ever, and the idea of authenticity in your leadership style

is more important than ever because, although this is a device, it seems to know all and see all. And so as we lead new generations who have grown up very free to comment, very free to rate things with stars, very free to research the comments that they hear at work, very free to ask their friends advice before they buy anything over \$50, the idea of them just listening and doing is over. Everything that we say and do is researched, is shared with friends and is communicated.

My belief at work, at Walmart, is that every time I get up in front of a group of associates and friends that there is a very good chance that that is being recorded, that if I say something that is funny or out of context or slightly on the edge, that one little sound bite might get tweeted out, or might go on YouTube and might be viral. And when you have got a name like Walmart that lots of people are interested in good and bad things about, how dangerous this tool can be as well. So as exciting as technology is, as exciting is that change is, as dynamic as the new customer, new associates are, it comes with that downside. You must be fully authentic, but you must really be prepared to see it on YouTube. You must really be prepared to see it on the front of the *Globe*. I remember early in business when I started out in the U.S., someone said to me, “Everything that you say or do, you should be prepared to see that on the front of the *Wall Street Journal*.” I was like, “Yeah, right.” But you know what today? That is true. We have

even seen it with friends. We have seen it with people that we know. We have seen it with companies that said, “This becomes the all-knowing and all-seeing device,” but it does not provide context, and this is the ultimate taking-out-of-context tool.

So as we move forward with technology, and as we move forward with generations who are used to full transparency, we must make sure that we alter our own styles and lead very authentically, very transparently because nothing else will be accepted. Nothing else will be believed and everything will find its way to be verified.

And so I have had a very interesting career. I have moved from banking to retail. I also had a couple of years running Michaels, the arts and crafts chain as well when I first got associated with the Canadian marketplace. I have learned so much about customers and so much about associates, but I have also learned so much about myself, and, every year, I am a different person than I was the year before. Every year I meet new people who teach me things about the world or teach me things about the business or help me to understand the new digital world or help me to erase some of the long-held beliefs that I had in business. And I think staying current is about a voracious need to be a life-long learner. And I know my children still have to program my TV, but, outside of that, I try very hard to stay technologically current, and that does not mean that I kill them on World of Warcraft, but I do know what it is, and I do have an

account on World of Warcraft, and—no, I am not telling you what tribe I am in—I do play a couple of times just so that I am conversant, and I know what that is. Understanding Snapchat and understanding new technology is so critical and utilizing it in your business.

There is a new venue coming out called “SoapBox,” which is a little bit like Twitter but it is a way to have an authentic conversation with your customers. The good part about it is you get to have a nice, authentic conversation with your customers and understand how they feel about you and your brand. The scary part about that is you get to have an authentic conversation with your customers, and you get to find out what they think about you and your brand.

But Walmart, at 52, is not shying away from those opportunities. So you will see us active on Twitter. You will see us holding interview sessions with our customers on Facebook. You will see us using SoapBox to get groups of customers who are both fans of our brand and who are not fans of our brand to talk to them and understand their viewpoint in a very authentic way.

So this is a hyper-competitive market, and, most of us, regardless of our business, are only gaining share by taking it away from one of our competitors or by innovating our way and finding an unmet need. We need to treat our own skill set that way, and we need to treat our associates’ skill sets that way as well. Are you relying on the usual suspects to help you with your strategy? Are you looking around

your company and looking at the true, true meaning of diversity? It is not just gender. It is not just skin tone. It is not just country of origin. The true meaning of diversity is a difference in thought and a difference in life experience, and when you can put around the table people of different generations, people of different genders, people of different sexual orientation, people of different educational background all together, your opportunities to come up with a more robust answer and win in a hyper-competitive market are greater than those who do not, and so I always view diversity and especially diversity at Walmart as just an unbelievable competitive advantage.

So how have we managed in 20 years in Canada and 52 years in 27 different countries to remain ahead? And it is by understanding what it takes to work in a hyper-competitive market. It takes the best talent. It takes the most knowledge of your customer, and it takes remaining a life-long learner and not holding on to sacred things that you felt were only unique or special to your business or that you invented. But it is making sure that we are not hanging on too tight, and that we are seeing an incredible view into the future.

And so to close, I talked a little bit about sort of the uniqueness of my region, right? So I have got the Canadian market. Unbelievably awesome. I have got the U.K. I have got Africa and the Middle East. Seems like one of these things just does not belong, right? Or maybe a couple of them do not belong. But the way that Walmart looked at

how they grouped the regions, unlike what a lot of people do, is I have got emerging markets. I have got markets where we only have a few stores in, and then I have got markets, like Canada where we are very populous with store counts, the same with the U.K. under the brand of Asda. We have hundreds of stores there, but what we have is a sophistication level in the operations of those businesses, so even though they are in an emerging market, the structure in which those businesses operate and the use of technology is what binds that group together. Both the customer set and that manager set, the executive set, use of forward thinking technology, e-commerce, home delivery is what is binding that group together.

So even a company that was forged on Main Street, literally the first store on Main Street in Rogers, now decides how their companies fit together by their use and ability to use and execute e-commerce and technology.

And so moving your corporation forward and thinking about this new intersection of physical and digital will determine who is sitting in this room five years from now and who is not and whose companies are growing and thriving and acquiring and whose are not. There is not going to be a this-is-a-choice for us. This must be integrated into the way you market, into the way you hire, into the way you assess your own talent and the talent of your associates because the world will not wait for us if we are lagging too far behind. And I know, as I said, I grow and learn every single day.

It will be very interesting to come back in five years and talk to you all again and see where we have come at that point because the use of technology, the idea of retailing and the idea that all the power is now in the hands of your customers. It is now in the hands of your customers, so you have got to be the most easy user interface, no matter what your business is because you no longer have power in transaction. All transaction is in the power of your customer, and that will continue to move us all ahead.

Thank you very much.

## Questions & Answers

**Q: A friend who works with Canadian Tire, tells me that they receive 500 emails per day. Just curious to see how many approximately do you receive because I am sure it is way up there.**

SB: How many I personally receive a day?

**Q: Or Walmart Canada.**

SB: We receive thousands of emails a day because of the accessibility at Walmart. My own email address and name, for example, are not hidden, so it is kind of easy to find me. I receive dozens of emails from customers a day, but customers go to our stores a lot, but we receive thousands of emails a day from customers.

**Q: And my second question is companies who have wonderful products that would be very suitable to retailers are not finding that they always get the attention. So my question is, really, as opposed to going directly to the buying group, should one go the category group or another area to understand where the product fits, like you were saying, in the ecosystem?**

SB: I think the only way into Walmart is through the buying group, so it is the only way in. If you want to meet me afterwards, we can talk about who that is, and I can make sure that we take a look at it. It is a gauntlet getting in there. There is no doubt about

it. If you think about the number of products that we carry today versus the number of new product introductions in Canada every year, it is impossible—literally physically impossible for us—and so we do have to manage that down. And we have got Category Managers here today that can explain that process, but we do have to whittle that down.

And there are incredible, exciting, dynamic products that we have not seen the value in. We have turned them down, and you see them killing it somewhere else. So at the end of every one of these decisions is somebody's personal opinion, and sometimes you have to go through many personal opinions before somebody sees the diamond in the rough.

**Q: I have had the chance to visit Walmart in Arkansas, and I was quite shocked how receptive it was and how engaging it was to speak to just about anyone at Walmart. So I was wondering why is it so open? I was able to speak to Mike Duke, and it was just a very friendly environment, and I was wondering why is that?**

**And my second question is I was able to visit the Walmart To Go stores, and is there any chance of that rolling out in Canada or within the U.S.?**

SB: Thank you for that question. We have a very, I would say “unique” except I am going to go all the way to “strange.” We have a very strange culture. I have

only been with Walmart five years, right, so I spent the majority of my retail life elsewhere, and when you interview at Walmart, they talk about the power of their culture and the uniqueness of the Walmart culture, and you kind of go, like, “Yeah. Uh-huh.” Everybody’s culture, right? And then you go to work there and part of the secret of our culture is there is sort of core basic beliefs, and one of them is respect for the individual. And we have what is called an “Open Door Culture,” and what an “Open Door Culture” means is that a CEO of Walmart Canada, my door to my office is open and as an associate of Walmart Canada, whether that is in the stores, in the distribution centres, in our e-commerce centre or in that office, my office is your office. So, I do not have a special parking place. I eat next to you in the cafeteria, and if you want to come in my office and ask me a question, you come in my office and ask me a question. That culture is in 27 countries.

So when I go to Arkansas or when any of our associates goes to the Home Office in Arkansas, when they get in there, if they want to go see now Doug McMillon, there might be a line there, or he might not be there, but their ability to go see him, talk to him, email him is 100%, and it is very unique.

I have never actually seen it operate that way before, but it is this idea of equal status culture where we

believe most of the solutions and the answers to our problems come from our frontline associates because they are closest to our customer, and we must listen. It is an imperative to listen to them and that their ability to communicate back to the store support centre is one of the most important and key parts of our culture, so you would find that in Canada today.

Actually, one quick funny story, and I will not mention the other retailer, but it is another really big, giant, huge, giant food retailer in Canada—real big—and we hired somebody from there, and they were in the cafeteria, and they happened to be sitting next to me at the table in the cafeteria, and somebody says, “Oh, you’ve been here a couple months. How’s your experience going?” And he goes, “Yeah, it’s great. I really like it here but, you know, everybody talks about the fact that your executives are everywhere and all accessible and everything. I’ve never seen any of them.” And they go, “See that person sitting next to you and has been sitting next to you for that last two weeks at the lunch table? That’s our CEO.” So it is like people do not even know, and it is funny, but it is a very accessible culture. I have never seen anything like it.

**Q: My question is around digital and physical and print media. I see companies spending tens of millions of dollars on print flyers, and common sense would mean eventually that is going to end, but it does not**

**seem to end. It seems to go on forever. Can you kind of talk about that?**

SB: No. I will tell you a quick anecdote from my U.S. days. So I had been a U.S. retailer for, gosh, probably 20 years before I came to Canada—18, 19 years before I came to Canada. And at that time in the U.S., we had started cutting back on print significantly because we would not see a big difference in sales on items in the flyer when the flyer was issued on flyer day. It just sort of became, as they would say, bird cage liner. It just became just sort of too much noise.

So I moved to Canada. I am running Michaels. I have got Michaels in the U.S. and Michaels in Canada. I am looking at the difference in print in Canada versus the U.S. I am, like, “These people are crazy. We can cut this print budget in half.” So I did. Guess what happened? So I cut flyers in half, and just about cut my sales in half right along with it. So, yes, I decimated the Canadian Michaels business for about a quarter with my awesome cost-cutting measure.

What I found is that I do think it is evolutionary. I do think there will be a time when the digital flyer or the idea of getting special sales and coupons online becomes as easy as it is in print, but because we are in a hyper-competitive market, who goes first? Right? Not me. Not me. I am after market share. I am after sales. I am lowering the cost of living for people.

Save money; live better every day. I am not cutting that flyer out because you might not come because you might be a flyer person.

So I do think it is an evolution that people will understand how to find value, how to find the exciting things and the value elsewhere. But it is the competitive nature of this marketplace right now that will make that probably slower—and the fact that Canadians are really, really incredible in their idea of value and very different than the U.S.

A question that I get asked a lot is “What’s the difference between a U.S. consumer and a Canadian consumer?” Just night and day. As you know, it is almost like a different country up here. It is just such a unique and special market, and the customers are so unique and special. What I find the best about Canadians and Canadian consumers is they do not derive status from where they shop. They derive status from how much they pay for it, and that is very, very different than the U.S. I did some studies in the U.S. where people would shop at a store called “Food Lion,” which is a very, very kind of down and dirty food store—low prices, low hygiene. I also worked there at the time. So they would take their groceries in the Food Lion bag, and they would get on the bus, but before they got on the bus, they would take their groceries and put it inside a Harris Teeter bag which was viewed as a more

upscale place to shop, so they were deriving their own personal values from where they shopped.

Now, in Canada, when we do our copious amounts of consumer research—and we love talking to consumers, whether you are talking at the highest demographic level, so the highest income level, or the lowest income level—consumers get equally excited about how much they paid for Tide, equally excited, and also are equally willing and welcome to go wherever that Tide is the cheapest. So you could find a PhD in economics saying, “I have got to swing by No Frills or Giant Tiger or the dollar store or Walmart right before I go pick up my cheese at Whole Foods.” And they are going to feel comfortable and welcomed in both of those locations, and the most interesting part is that the lowest end demographic also feel comfortable doing that. So they will save up money to go to what they view as a very expensive store to buy a particular kind of cheese or food from home, that they like and will walk into that store and say, “I belong here. I belong here. I have money, and this is cool and I belong here.” They do not derive their social status from their shopping which I think is just a very great part about our country actually.

**Note of Appreciation by Jim Muzyka, Senior Vice President, Xerox Services, Xerox Canada**

Thank you. I think on behalf of everybody we have had a great experience this afternoon. Most people know Xerox: I will draw the connection between Xerox and Walmart. You know us for the verb, Xerox. We are actually a large business services provider, and we assist retailers in finding new ways to get productivity in their organizations and have been happy to work with Walmart for the past several years, and some of that has been due to Shelley’s sponsorship.

I wrote down some words that I think would associate everybody in the audience and their opinion with your presentation. It starts with humility, vitality, charisma. You are very funny, insightful, curious, intelligent, but the one resounding word was ‘authenticity’. I think we would all agree.

We have a few common things. One, I was an aspiring journalist also, and every once in a while, we have a weak quarter, and it has been suggested that journalism might be a preferable career. The other thing is we actually occupy one of your original stores in Arkansas, and as we move from being a bridge from analog to digital, that is our largest digitization centre in the world, little known fact. But the other thing we share between your organization and Xerox is a commitment to diversity. First, for the social-conscious reasons and that is when we started with this but now more



because it drives our competitiveness. You have a massive workforce, way larger than ours, but if you cannot capture the vitality inside that workforce and capitalize on it, you will be victims to a digital world. Someone said this at a meeting we were at on the weekend, that diversity is what you count but inclusion is how you make people feel, and I really got that from what you said today.

The other thing is the remarkable complexity of your job. Think about it. I mean the massive geographies that you oversee—Canada is relatively simple. You have massive geographies, different work cultures, different consumer cultures, and then you have the sweep of the digital world coming through all of this at the same time. It is remarkable to see the complexity that you manage. But I think I speak for everyone when I say it is also obvious why you are a senior leader at Walmart.

So, thank you, again, for the words of wisdom today. I wish you the best of luck with your challenge.

### **Concluding Remarks by Andrea Wood**

So my job now is to end by thanking our very generous sponsors. Xerox Services was our event sponsor today. Thank you very much, Xerox, and Deloitte was the sponsor of today's VIP reception. Thank you.

I would also like to thank the *National Post* as our print media sponsor. This meeting will be broadcast on Rogers TV.

You can follow us on, yes, Twitter at @Empire\_Club and visit us online at [www.empireclub.org](http://www.empireclub.org).

Thank you all for coming. We hope to see you again soon. You will find some of the exciting upcoming events advertised on the flyers on your tables. Please, do join us again. Thank you very much. This meeting is now adjourned.