



It's On!

**Joe Quinn
Walmart
March 2014**

Walmart will buy an additional **\$250 billion** in **US products** over next ten years



Advantages

EDLC/EDLP

Better inventory management

Quicker response times

Less volatility

The Kent Bicycle Story....

- Kent Bicycles of New Jersey imported bikes from China from 1958-1979
- In 1979 Kent started building bicycles in China
- From 1962 to 1997 Walmart only sold bikes made in the United States
- In 1997 Walmart started buying imports from Kent as market price differential reached 25%
- In 1998 Huffy was last US bicycle company to give up domestic production
- Kent Bicycle currently makes 15,000 bicycles a day in China

Now Kent coming home to Clarendon County, South Carolina to open a facility that could employ 200 trained workers by year four



Walmart.....

- 2013 sales of \$476 billion
- 140 million customers a week
- We promote 160,000 people a year and 75% of management team started as hourly associates
- Doug McMillon started out unloading trucks and rose to CEO
- Connecting with the customer matters
- Positioning the company for tomorrow matters
- We work to drive sales today and operate with excellence
- We work to build trust with customers and associates

Mom is Our Core Shopper....

- Mom believes Made in US is second only to price in how she makes family shopping decisions
- 85% of Moms feel it is very important that we are selling products made in the USA
- Mom believes that products made in the USA are generally of higher quality.

Made in the USA Numbers.....

- In January 2013 Walmart announced plans to buy \$50 billion in new products in the 10th year of a ten year plan.
- This equates to a \$250 billion investment over a decade with the number growing each year.
- \$250 billion would equate to roughly 250,000 manufacturing jobs
- One manufacturing job normally creates three service related jobs

Core Objectives

- **Grow business with existing Walmart suppliers**
- **Attract new suppliers**
- **Shift existing items to U.S. production**

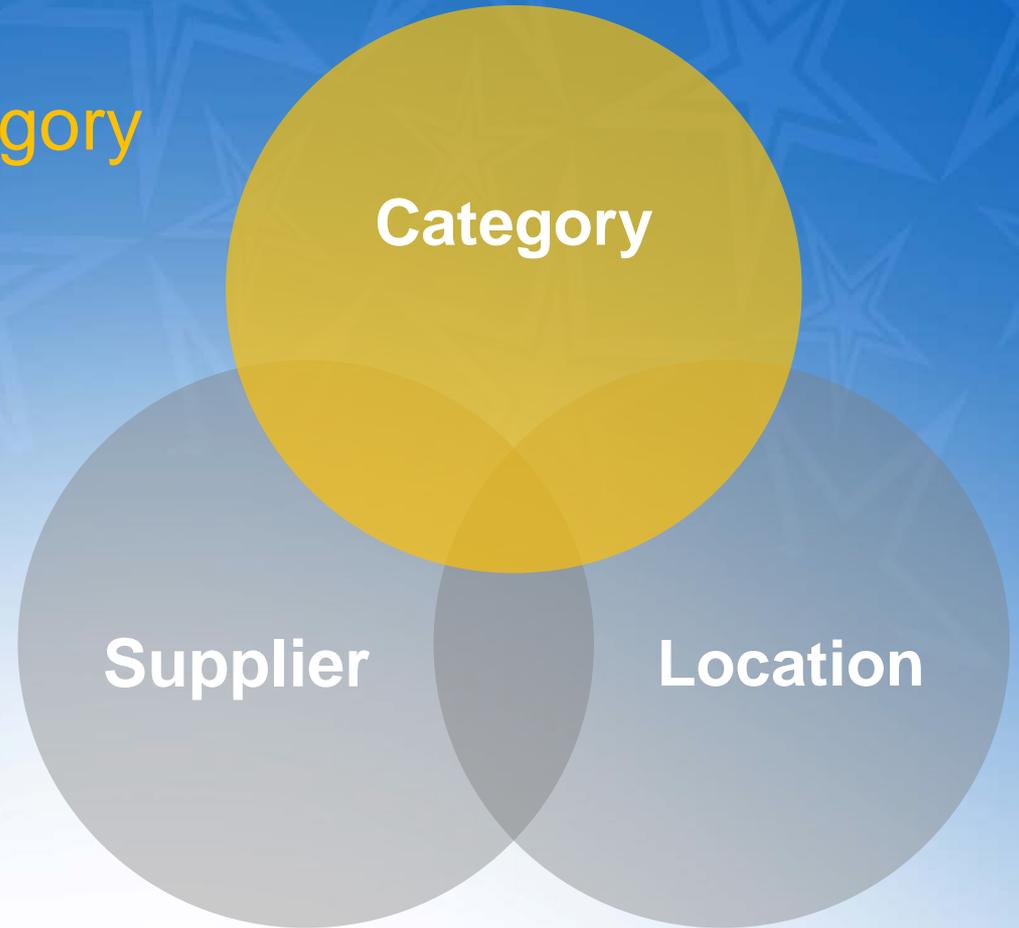
US Manufacturing Innovation Fund

- Find the right thought and innovation leaders to make it more feasible to make household goods in US
- Five year project with the US Conference of Mayors
- \$10 million fund to bring people together to work for opportunity
- Grants to applied research projects that advance solutions to challenges to lower the cost of making goods in U.S.

How do we get started?

1. Analyze every Category

- Do the math



What Products Most Likely to convert to US Manufacturing

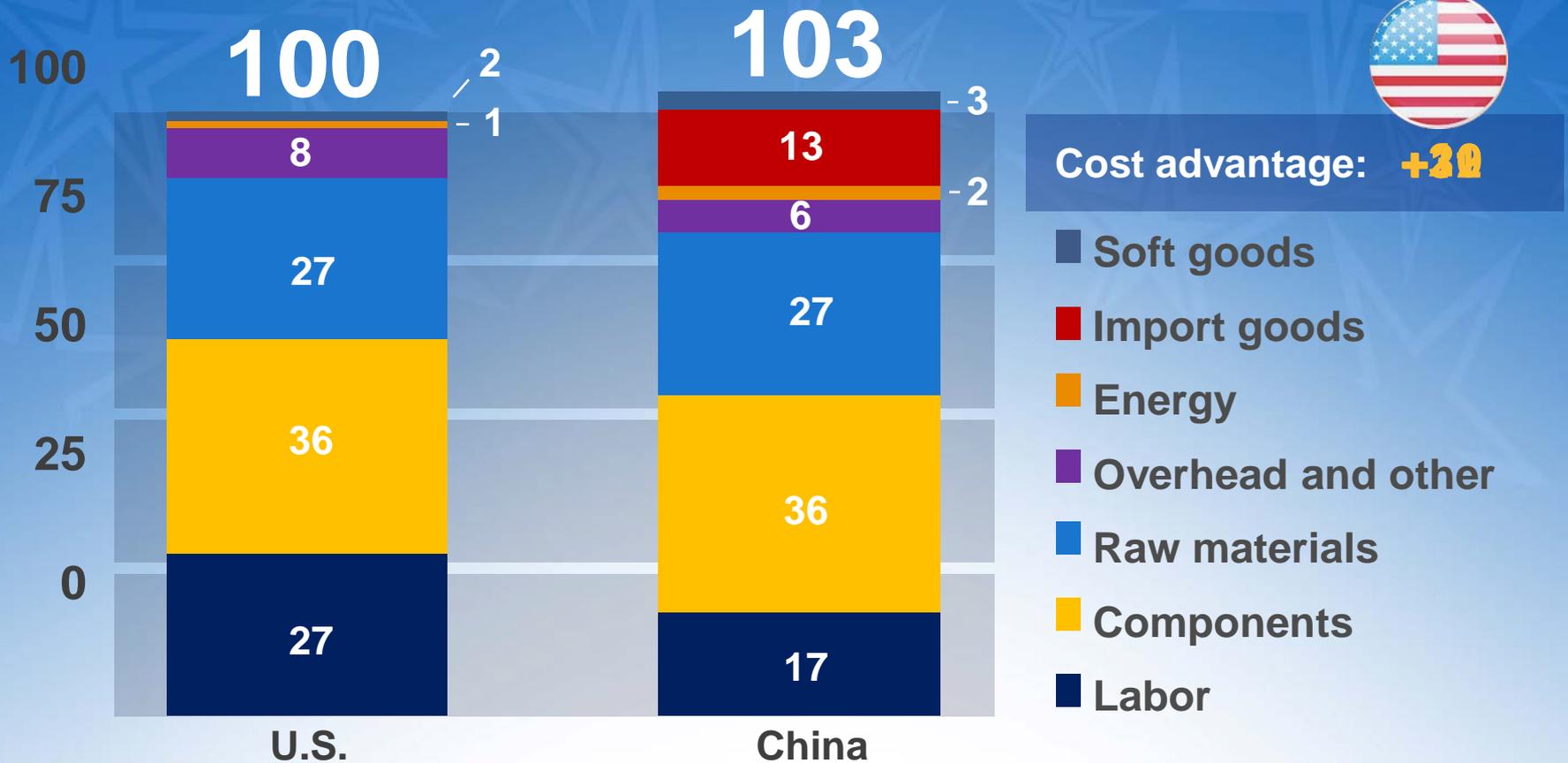
- Products where transportation is high percentage of cost
- Products where labor is low percentage of cost
- Products where energy is high percentage of cost
- Products where being close to customer creates flexibility to keep product on shelves

All of this creates shorter transportation time, lead time, and lower freight costs. Saves money in warehousing and multiple touches through the supply chain.

Why this is a good business decision.....

- **Creates more jobs for Americans**
- **Communities care about local jobs and American renewal**
- **Rebuilding the middle class will take everyone in both the public and private sector**

The US is often cost competitive, and the gap in labor costs is narrowing



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 - Do the math
2. Partner with Suppliers
 - Transparency & Collaboration



Business challenges that Walmart suppliers will face as they work to on-shore manufacturing

Challenges:

1. Lack of information on where to locate
2. Limited upstream supply chain
3. Shortage of skilled labor
4. Limited access to financing
5. Getting through the process
6. Regulatory burdens
7. Repatriation taxes



How do we get started?

1. Analyze every Category
 - Do the math
2. Partner with Suppliers
 - Transparency & Collaboration
3. Find the Best Location
 - Partner with Federal, State, & Local Government



Revitalizing US-based Manufacturing

Domestic Manufacturing Summit

- 1,425 attendees
- 8 governors and 34 states
- 530 suppliers
- 1 common goal



...but that's **just the start!**



It's working – companies investing now



What's Next for Walmart?

Dig deeper into categories that can be re-shored

Partner with suppliers to address key barriers

Convene the right government organizations to make re-shoring easier

More Information....

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- **Retail Link : Docs / Made In USA**
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