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## Probing the Limits: Cost and Quality of Life, the Wal-Mart Way

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By Scott Dalglish

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The recent flurry of uncomplimentary news about Wal-Mart Stores Inc. has got me thinking about my quality beliefs.

I believe that companies that focus on quality gain a tremendous strategic advantage. I also believe that individuals who focus on a quality lifestyle lead happier and healthier lives. Though I believe strongly in those two principles, I am constantly questioning them because I see things all around me that seem counter to those beliefs. The recent news about Wal-Mart is particularly disturbing.

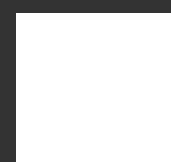
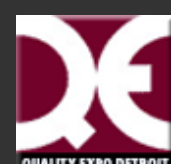
Recently, Wal-Mart has been accused of violating child labor laws, hiring illegal immigrant contractors, conducting abusive treatment of suppliers and mistreating employees by forcing them to work overtime off the clock. Wal-Mart has also been accused of wiping out small town businesses and sucking the profits out of local communities.

The last straw for me was a recent story I read that explained Levi's was going to manufacture a lower-cost version of its jeans to meet Wal-Mart's low-cost supplier requirement.

I understand that Wal-Mart does have great prices, but I struggle to understand why people flock to a store to buy goods from a company that is accused of so many bad things. Could it be that consumers don't care about the quality of life in their community? Clearly, they must care. It is nonsense to think that people don't care about quality in their lives.

The only answer that I can come up with is that Wal-Mart is effective at making low prices visible through television ads and in-store marketing, but is just as effective at hiding the costs required to deliver the low prices. While Wal-Mart is an efficient operation, they have been accused of cleverly hiding costs, or transferring those cost to the local community. Wal-Mart has been accused of not fairly paying its employees taking unfair advantage of local tax incentives and hiring contract illegal immigrants to clean the store at night. These costs are invisible at the cash register.

I see a parallel in the behavior of Wal-Mart customers with the behavior of shortsighted corporations. Readers have e-mailed me lamenting that their company only cares about cost, but cares nothing about quality or how employees are treated. I hope that the people working for these companies don't behave the same way by taking their business to Wal-Mart where cost is king,



and employee and community relations are secondary issues.

I live in Boulder, CO, where many of us are trying to keep Wal-Mart out. Over the years, Boulder has taken many positions on issues such as this. Some people, like me, admire Boulder's commitment to long-term, quality-of-life issues. Other people, and some media organizations including the Denver Post, have nicknamed Boulder, "The little town nestled between the mountains and reality."

Boulder has always been an innovative city with a long-term perspective. It is not surrounded by a sea of sprawling suburbs like every other town in the state because the citizens have been taxing themselves for the past 30 years to buy the scenic open spaces around the city. Boulder has many locally owned businesses and is a hotbed of entrepreneurial start-ups. Chain stores are less prevalent and big box stores like Wal-Mart are almost non-existent. Many people see Boulder's leaders as flakey or not business friendly for trying to keep Wal-Mart out of our city. I see it as an insightful, long-term decision to maintain Boulder's quality of living. Wal-Mart can take their cleverly hidden costs and bully management practices to neighboring towns (and they have). That type of behavior is counter to my fundamental quality management beliefs. I won't operate that way in any aspect of my life, and won't support those that do.

Boulder has consistently been rated as one of the best places to live in America. I'll attest that the quality of life here is great. You can call me flakey if you want, but I'll pay higher taxes and higher prices for products from local merchants to keep it that way.

How about you? Would you or your company, pay higher taxes or higher prices to purchase materials and components from a supplier whose way of doing business more closely resembled your values? Send me an e-mail and let me know what you think.

