

Wal-Mart Pushes 'Made In America' At Summit

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ORLANDO, Fla. (AP) — Wal-Mart Stores Inc. is hoping for a groundswell "[made-in-America](#) [1]" movement.

The world's largest retailer hosted its first two-day summit Thursday bringing together retailers, suppliers and government officials that it hopes will build on its recent commitment to drive more [manufacturing in the U.S](#) [2].

The event, which attracted representatives from 500 manufacturers, eight governors, U.S. Commerce Secretary Penny Pritzker and officials from three dozen states, is occurring seven months after the Bentonville, Ark.-based discounter pledged that it planned to buy \$50 billion more U. S. made goods over the next decade. That's the equivalent of just more than 10 percent of what Wal-Mart will sell at retail this year.

But Wal-Mart has said that if other merchants do the same, that would mean an additional \$500 billion in American-made goods over the next decade.

The lineup for Thursday was impressive, and the campaign could serve to boost Wal-Mart's image, constantly under attack by labor-backed groups who have criticized the retail behemoth as a destroyer of U.S. jobs, not a creator.

Wal-Mart's CEO Mike Duke, Bill Simon, the company's U.S division CEO and other executives, joined other business leaders including Jeff Immelt, chairman and CEO of General Electric Corp., and Kevin Toomey, president and CEO of the Kayser-Roth Corp.

The goal of the summit is to start "connecting the dots" with a dialogue among manufacturers, retailers and state officials about where opportunities are to bring more manufacturing to the United States, Simon said.

"It could be difficult for one at a time, all of us on our own," Simon said. "The best way to overcome the challenges is to talk to one another."

Rising wages have erased some of the competitive advantages China had in manufacturing, Simon said.

"We think we can map out opportunities and put some systems in place and commit to this for the long term," Simon said. "There's nothing less than the future of our country at stake here."

In a recent interview with The Associated Press, Wal-Mart's Michelle Gloeckler said Wal-Mart can make a difference.

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"But this is bigger than Wal-Mart. We want the support of other retailers," said Gloeckler, senior vice president of the home area, who leading the domestic sourcing initiative.

To be sure, even if Wal-Mart is successful in getting key retailers and suppliers on board, experts say it won't rejuvenate the U.S. manufacturing industry. But the movement could help stem the tide of [jobs](#) [3] flowing to China and elsewhere that has been occurring in the last two decades.

Some experts are skeptical, pointing out that Wal-Mart led the migration of manufacturing jobs overseas in search of the cheapest labor, veering away from the principles of its late founder Sam Walton, who espoused buying American-made goods.

"It's a very positive PR move for the company," said Burt Flickinger III, president of retail consultancy Strategic Resource Group. "But it took two decades to unwind the American manufacturing base and it will take two decades to bring it back." He says what will be brought back will only be a fraction of business sent overseas.

This is not the first time that Wal-Mart has pledged a made-in America campaign.

It pushed a similar program in the mid-1990s that fizzled because it couldn't get enough low-priced goods to sell to its low-income shoppers. But executives vow its efforts this time around go well beyond a marketing campaign and involve dissecting each of its 1,300 product categories, from bath towels to gadgets, to determine which can be made here.

It's also reaching out to state and local officials to work with suppliers to explore rebates, training and other programs to attract U.S. makers. The discounter also says it's changing the way it does business with suppliers, giving multi-year commitments for basic goods where it makes sense, instead of season-by-season ordering.

Rebuilding [U.S. manufacturing jobs](#) [4] is resonating even more these days. The nation's unemployment rate of 7.4 percent, while now at a 4 1/2-year low, is still well above the 5 percent to 6 percent typical of a healthy economy.

Meanwhile, Wal-Mart and other major retailers have been under fire for not doing a better job monitoring worker safety in factories overseas. That pressure increased after a factory collapse this past spring in Bangladesh, killing 1,129 people. That was the deadliest incident in the history of the garment industry.

But what could really propel the movement this time around is pure economics: Labor costs are rising in Asia, while oil and transportation costs are high and increasingly uncertain.

Wal-Mart said several manufacturers had told executives privately they had defined "tipping points" at which making goods overseas will no longer make sense. Wal-Mart says it doesn't believe that its customers should pay any more for made-in-

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America goods and is focusing on working with suppliers to make sure the prices are in line with what shoppers want to pay.

"It's an economic advantage when you have the wind in your back, instead of having the wind in your face," said Hal Sirkin, a senior partner and managing director at the Boston Consulting Group and an expert on manufacturing. He is serving as a consultant to Wal-Mart. He believes that the movement could create 100,000 more jobs in the next decade.

Wal-Mart, with more than 4,000 stores in the U.S. and about \$460 billion in total sales, has proven that it has the clout to get other suppliers and merchants on board. For example, in 2009, Wal-Mart created a coalition among stores, suppliers, government, nonprofit organizations and academic experts for a sustainability index that measure whether goods were made in a responsible way and whether the materials are safe.

Wal-Mart has said that items made, sourced or grown in the U.S. account for about two-thirds of the company's spending on products for its U.S. business, according to data given by suppliers. But analysts say that much of its clothing, home furnishings and consumer electronics are made elsewhere.

One company to sign up is Sleep Studio, which is now working with Wal-Mart to produce memory foam mattress toppers. Before, all of the discounter's toppers were produced by manufacturers overseas. This year, 20 percent will be made in the U.S.

CEO Michael Rothbard said Wal-Mart worked with the company to streamline the costs, eliminating \$10 from the price tag. The New York-based company has factories in California and Georgia.

"The selling process was really intense," Rothbard said. "We had to convince them our products offered unique benefits, and that we could meet their needs."

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