

SAM'S★TOWN

HOME TO THE CORPORATE HEADQUARTERS OF THE WORLD'S LARGEST RETAILER, **BENTONVILLE, ARK.**, IS FINDING THAT WAL-MART IS A MAGNET FOR ATTRACTING SUPPLIERS AND OTHER COMPANIES—AS WELL AS A FORCE FOR PROPELLING GROWTH FOR THE REGION.



The dime store that Sam Walton opened in 1950 in downtown Bentonville now serves as a sort of Wal-Mart museum.

BY LAURA J. HOPPER

Bentonville residents basking in the town's rapid growth may want to thank Sam Walton's wife, Helen. When Sam, the legendary founder of Wal-Mart, got out of the U.S. Army, he wanted to pursue his dreams of retail fame and fortune in a big city. But Mrs. Walton, a native Midwesterner like her husband, would have none of that.

"She insisted on staying in a small town to raise her family," says Jay Allen, Wal-Mart's senior vice president for corporate affairs. "They liked living here in the central part of the country and, as the company grew, it became a great place to do business."

In 1950, Sam Walton opened his Walton's 5 & 10 store in downtown Bentonville. (The store now serves as the Wal-Mart Visitors Center.) In 1962, Sam founded the first official Wal-Mart store in nearby Rogers, Ark. By 1970, Wal-Mart had grown to the point where it could have its own distribution center and home office. The Waltons, who by then were fixtures in the Bentonville community, chose to keep the main offices there.

Many of today's shoppers can fill in the rest of the Wal-Mart story. The discount retailer's growth soared in the 1980s and rose to even greater heights in the '90s. By 2002, Wal-Mart was at the top of the Fortune 500, and today it holds the undisputed title of world's largest retailer, with \$256 billion in global revenue in 2003. Wal-Mart employs more than 1.3 million people worldwide in nearly 5,000 discount stores, supercenters and Sam's Club wholesale stores.

With Wal-Mart at its epicenter, Bentonville is experiencing its own seismic population explosion—from just over 11,000 residents in 1990 to almost 26,500 as of the most recent tally, in 2003. The ripple effect is widespread. The surrounding Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA) is now the sixth-fastest-growing MSA in the United States. Benton County, home to Bentonville, is one of the fastest-growing counties in the nation. The county accounted for more than half of the state's growth in the 2000 census, says Richard Davis, economic director of the Bentonville/Bella Vista Chamber of Commerce.

"The majority of that growth has to be attributed to Wal-Mart, especially in the time period since it secured itself as the nation's largest retailer," Davis says.

The engine fueling that growth isn't just the thousands of employees who work at Wal-Mart's Bentonville offices or the shoppers who visit Wal-Mart's Bentonville Supercenter. It's also the companies that make the products on Wal-Mart's shelves and clothing racks. As Wal-Mart's growth has exploded through the 1990s, an estimated 600-plus firms—ranging from Procter & Gamble to Levi's, from Wrangler to Gillette—have put out a shingle in northwestern Arkansas, even if it's just a 10-to-20-person sales office.

"Wal-Mart epitomizes the ideal business model, and companies can get more value selling their products to Wal-Mart than to any other retailer," Davis says. "They're coming here from far and wide to pitch their products and get shelf space at Wal-Mart."

Getting that product positioning and maintaining a strong relationship with Wal-Mart doesn't require having office space in Bentonville, the retail giant insists. "We have suppliers in northwest Arkansas with which we have a good relationship. But we also have great relationships with suppliers in New York and California," says Allen, the Wal-Mart spokesman.

Those words aren't enough to change the minds of the suppliers who contin-



Bentonville	
BY THE NUMBERS	
Population	Bentonville: 26,457 (2003) Benton County: 172,003 (2003)
Labor Force	Bentonville: 10,241 (2000) Benton County: 74,545 (2000)
Unemployment Rate	Bentonville: 2.5 percent (2003) Benton County: 2.6 percent (2003)
Per Capita Income	Bentonville: \$20,831 (2000) Benton County: \$19,377 (2000)
Top Five Employers	
Wal-Mart.....	12,000
Bentonville Public Schools.....	1,238
Northwest Arkansas Community College.....	538
Tyson Foods of Bentonville.....	400
CEI Engineering.....	190



ue to stream into Bentonville—many of whom are housed side-by-side in what locals have dubbed “Vendorville,” the maze of office parks that encircle Wal-Mart’s corporate hub like flowers growing toward the sun.

In one of those offices, supplier Gillette Co. has 20 employees devoted to cultivating business with Wal-Mart. “Clearly, this close proximity allows our team daily contact with executives at Wal-Mart and provides us the opportunity to develop innovative joint initiatives to support both our businesses,” says Paul Fox, Gillette’s director of global external relations.

The constant influx of vendors has spawned an additional layer of development—companies that have set up shop in Bentonville to supply the suppliers. “We’ve seen a secondary level of entrepreneurial and business development from these support companies, such as packaging and marketing firms,” Davis says.

Such continued growth in Bentonville has had a positive effect throughout northwestern Arkansas, Davis says, helping the region gain prominence not only in the state but nationally as well. For example, the Northwest Arkansas Regional Airport, opened in 1998, now offers non-stop flights to several major U.S. cities—some of which aren’t even offered at Little Rock’s airport, Davis says. These flights have been added in large part to serve Wal-Mart buyers who must travel from around the country, he adds.

Northwestern Arkansas’ hotels, in turn, are often at least 90 percent filled during the week. Construction should be complete on five more hotels by the fall of 2005, Davis says.

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Trends such as these—along with the stability of northwestern Arkansas corporate fixtures such as poultry processor Tyson Foods and trucking firm J.B. Hunt—have helped the region accomplish an admirable feat, Davis says: The region skipped the recession. Bentonville’s 2003 unemployment rate of 2.5 percent was just a bit above its 1.9 percent rate of 2002. Both figures are little more than half of the nationwide average.

Davis adds: “I’ve been asked jokingly, ‘You’re from Benton County? Isn’t that where the streets are paved with gold?’”

Such growth and prosperity is no joke to Bentonville Mayor Terry Coberly. A Bentonville native, she attended high school with Sam Walton’s son, Jim, and has witnessed the golden eras of the city’s past and present.

“I’ve had the luxury of seeing the best of Bentonville—growing up in a small town and now seeing it flourish,” she says. “We’re trying really hard to keep our small-town atmosphere while dealing with our growth at the same time.”

Bentonville’s rapid rise in population presents challenges in two major areas for Coberly: housing and infrastructure. The value of homes in Bentonville has been rising about 6 percent a year, she says. And even as the city expands its boundaries, it’s running short of room.

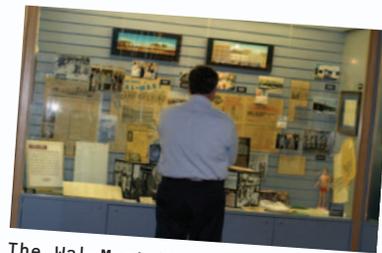
“We just can’t build houses fast enough,” Coberly says, noting that the crunch of affordable housing in Bentonville has transformed neighboring Bella Vista from a quiet retirement community into a booming sister community.

Getting to and from those homes can also be a challenge. Most of Bentonville’s major arteries are state or federal highways; so, if improvements are needed, the city must often make its request and wait.

In 2003, Bentonville passed a 1 percent sales tax, of which at least 70 percent will go toward funding road construction, Coberly says. The city has also made a deal with the state of Arkansas: If the state will move up the schedule for construction improvements—such as widening roads and highways—Bentonville will pony up half the cost. The state has accepted the offer, Coberly says.

While juggling these major issues, Coberly and the Bentonville Chamber of Commerce are also working together on a seemingly less critical but still important matter: creating more amenities—such as restaurants and entertainment—for the region’s newfound residents and workers, who are currently being invited to fill out a survey about their leisure-time preferences.

WAL★MART
BENTONVILLE BASKS IN COMPANY’S SUCCESS



The Wal-Mart Visitors Center in downtown Bentonville attracts tourists and local residents.



Roy's Office Solutions is one of a growing number of business support companies opening in Bentonville.



Bentonville still preserves a small-town atmosphere in areas such as its town square.



CUSTOMER COPY

One addition being discussed is a trolley system that would transport Wal-Mart workers to and from downtown Bentonville during lunch, allowing them to eat out without losing their prized parking spaces in the crowded corporate office lot. “But that won’t work until we get more restaurants,” says Coberly, who is hoping to lure more food establishments away from the city’s outskirts and into downtown.

Survey results or no, Coberly is well-aware of one other missing small-town staple that even Sam Walton couldn’t enjoy. “We still don’t have a single movie theater here in Bentonville,” she says. “It’s past time we got one of those.”

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