

Walmart Requiring Income and Profit/Loss Statements From Sweeping Contractor Providers

On February 8th of 2017, Ranger Kidwell-Ross (Editor of WorldSweeper.com and Director of the World Sweeping Association) learned from a member of the World Sweeping Association that Walmart had begun requiring them to submit both a profit and loss and balance sheet statement in order to continue working for the organization.

Because of the intrusiveness of the request, this particular major contractor had decided to no longer bid on Walmart work. In an attempt to mitigate the situation on behalf of the power sweeping industry, Ranger began a dialogue with one of his contacts in the Walmart organization, Penny White.

The following documents the exchange that took place between the two, as well as interjections by Penny's boss, Darrell Bennett.

February 8, 2017

From Ranger Kidwell-Ross

Hi, Penny,

One of my World Sweeping Association members reports that Walmart has begun requesting a profit and loss statement, as well as a balance sheet. Since this would appear to be very unusual, I'm contacting you to see whether what our member received is a valid Walmart request or not. If so, I predict there will be significant pushback about providing that sort of information to Walmart corporate or anyone else without a prior nondisclosure statement having been signed.

Thanks in advance for providing this information.

Cheers,
Ranger

February 10, 2017

Ranger

We are asking for a P&L and Balance sheet to verify how much of a vendor's business we occupy. Most of our smaller providers use QuickBooks. They can use this to generate prior year reports that will suffice. If a provider does not use a computer system like this, they can turn in account reports or report back to us for further review. If a company is very small and their business and personal are combined, we will instead ask them questions over email or a phone call to answer. Please let your members know this is not an attempt to remove providers but instead to verify the percentage of business and that they are not a company temporarily in business.

Penny D. White
Facility Manager

February 13, 2017

From Ranger Kidwell-Ross

Penny,

Thanks for your thoughtful and thorough explanation. I'm thinking we might strategize for a mutually beneficial solution that would work for your organization as well as be one I know your sweeping service providers would much prefer. At the recent National Pavement Expo, in Nashville, I was party to a conversation between some very professional sweeping contractors, several of whom were concerned about providing the sort of detail you request to any outside party. At least some of these will just drop out and, fact is, they're the upper echelon contractors you'd like to have working for you.

How about having them sign an 'affidavit' of some sort designed to answer whatever questions you actually need answered, such as "What percentage of your total sweeping business is conducted for Walmart?" etc.

The pushback I've received is that the contractors — rightly in my opinion — do not want to provide you with the host of other financial information available to be gleaned from both a P&L and a Balance Sheet. Is something like I'm suggesting possible? I'd be glad to assist in any way I can, including telling our industry contractors of any new arrangement.

Thanks for your consideration.

Cheers,
Ranger

February 13, 2017

Ranger,

We require this information from all the exterior service providers. If you want to speak sweeping specifics, please reach out to Darrell Bennett.

I apologize for the delayed response to your email. I have been traveling visiting stores in the Northeast.

Penny D. White
Facility Manager

February 27, 2017

Hi, Darrell,

My direct contact information is shown in my signature file at the bottom of the email exchange between Penny and myself that I'm including to better get you up to speed on the situation. I see that Penny's initial reply back to me was sent to you, as well, but I am including it nonetheless for your convenience in recall.

Hope you have some ideas about how we might modify your current protocol to not encourage some of the most established contractors in sweeping to simply discontinue with WalMart, which I know for a fact is occurring.

Cheers,
Ranger

March 6, 2017

Ranger,

Thanks for reaching out about your concerns. However, as Penny stated, this information is required, especially for any vendor that wishes to operate as a management company or subcontract services. We will not be making any changes to this requirement in the near future.

Thanks,
Darrell Antonio Bennett Facility Manager, AIM
Facilities Management – Exterior Services

March 6, 2017

Ranger,

The goal is not to drive out the small businesses but instead to balance how much of their portfolio is Walmart business. We need to ensure they are stable. Other retailers and integrators are starting this process too. They will see more of these types of requests.

Penny D. White

March 6, 2017

Penny and Darrell,

I understand your needs for requesting the information. That said, you do not need ALL of the information generally contained on a P&L and a Balance Sheet. There is no question that you will lose an echelon of top contractors by insisting they provide you with all of that information. FYI, many top contractors simply do not/will not work for some or all of the integrators, as well, due to onerous reporting requirements and intrusive requests, in addition to the generally low pay they provide and the liability-laden contracts they insist upon.

At the World Sweeping Association, we track contractor experiences with all of the integrators, and I am continually astonished by the bad business practices they employ, including items like 'pay if/when paid' clauses, nonpayment when they lose an account, noncompete clauses and transfer of liability for parking area/client property condition to sweeping contractors via the contract.

The latter are being foisted upon the sweeping industry as though a \$12/hour sweeper operator — or anyone else in the same situation — could even be trained sufficiently so as to be able to spot any and all liability or safety issues on a parking lot when they're onsite in a vehicle sweeping in the dark a few nights per week or month. We are actively taking steps to develop a WSA Contract Addendum that will be recommended to all of our members in this regard.

I'm sorry to learn that Walmart is not able to develop a questionnaire that asks the questions you actually need answered, rather than continuing to take the 'shotgun approach' of asking for P&L and Balance Sheet. You'll be losing out on an increasingly large segment of the best contractors in the industry.

Cheers,
Ranger

Conclusion and Analysis:

In the last few years the contract sweeping industry has seen a marked increase in the requirements levied on it. This has included extremely negative contract language being offered by property managers, third party vendors and others; increasingly time-intensive and, in many cases, unrealistic reporting requirements, including cell phone app reporting and phone calls in/out of properties in real time; requirements for age of sweepers used; and, now, Walmart wanting intrusive information from its sweeping contractor vendors.



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We strongly recommend that, as a minimum, contractors factor in any/all of the above requirements by a customer in determining their bid amounts. In the case of contract language that sets an unrealistic level of liability and/or other restrictions on the signer, if you can't get the language crossed out then, for the long-term viability of your business, you need to "Just say no."

Smaller contractors tend to put up with whatever the restrictions are, hoping in the case of contract language that "the worst won't happen." In the case of time-intensive reporting or intrusive requests such as the one being made by Walmart, oftentimes they decide to do whatever it takes to get the account(s). Unfortunately, this often results in sweeping properties that do not provide — once everything is taken into account, — the profit margin needed to grow and thrive.

Larger, more successful contractors, tend to be more savvy about the overall costs of complying with these sorts of requests and, as a result, just don't bid the work. What Walmart management does not fully realize, and similarly the management of the national chains that work with third party vendors, is that by having these types of onerous requirements they are not able to attract the top echelon of sweeping contractors.

Top contractors, having a better handle on their overall costs, tend to stick with the profitable work they can attract and leave the lower level work to contractors not savvy enough to realize the consequences — as well as the certain and potential expense — of taking low profit contracts that also carry increased reporting, contract liability, and whatever else may be the case.

We urge all contractors reading this to perform an overall assessment of the actual and potential cost of any such client requirements before bidding or deciding to bid. That's the only way to become and stay successful in the long term. Remember the old adage: "The best road to bankruptcy is to win all the low bids."

If you want to truly become educated on power sweeping business methods, join the World Sweeping Association (www.WorldSweepingPros.org) for \$325/year (monthly payments are fine). WSA emphasizes education and, as may be seen by the above email exchange with Walmart, we fight for the rights of contractors in a wide variety of areas.

— Ranger Kidwell-Ross, M.A.

Editor, WorldSweeper.com and Executive Director, World Sweeping Association

Questions and comments: 866.635.2205 or director@worldsweepingpros.org