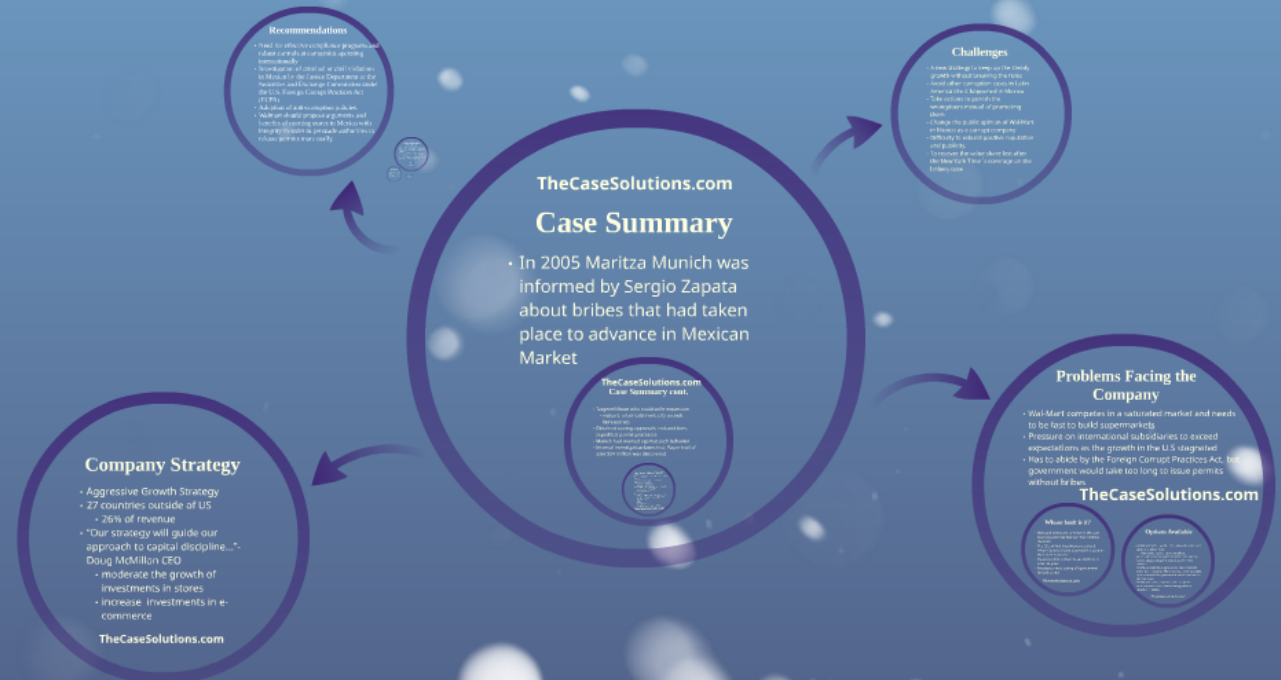
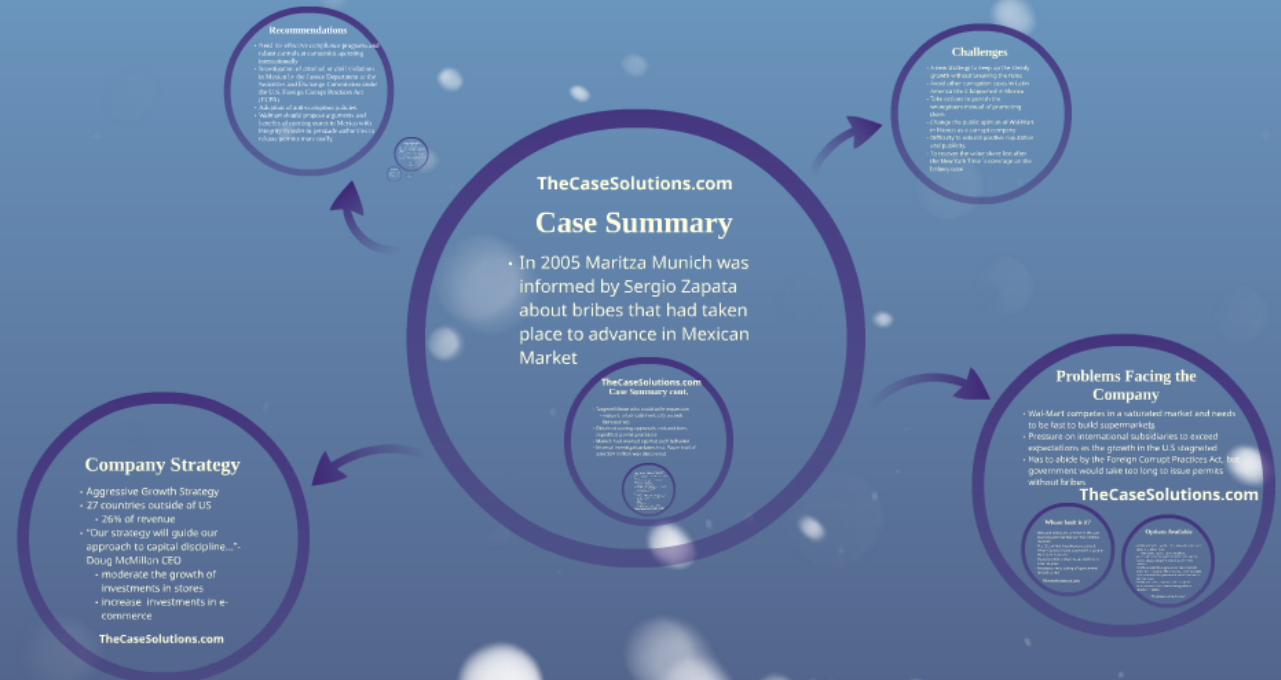


# Pepsico in Mexico



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# Pepsico in Mexico



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[illegible]

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[illegible]

- But Wait, There's More!**
- Why not invest this under the big fat tax shelter?
  - Index by Capital Weight instead of equal contribution
  - Stay invested for good growth
  - Invest lightly → Cash strategy goes unnoticed
  - 1% for portfolio growth
  - 1% of total return
  - 100% Tax
  - Most cap funds have realized returns of 20%
  - 10% for tax return reduction, 10% for 10
  - Capitalize on it
  - Portfolio
  - 10% for portfolio
  - Value of index drops 42.20%
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THE CONCLUSION IS

## TheCaseSolutions.com Case Summary cont.

- Targeted those who could stifle expansion
  - mayors, urban planners, city council, bureaucrats
- Obtained zoning approvals, reduced fees, expedited permit processes
- Munich had warned against such behavior
- Internal investigation launched. Paper trail of over \$24 million was discovered

### But Wait, There's More!

- Walmart sweeps this under the rug for half a decade
- Eduardo Castro-Wright viewed as major contributor to corruption
  - aggressive growth goals
- Great results --> Castro-Wright gets promoted
  - 10 yr average sales growth
  - 2x that of US market
- It hits the fan
  - Walmart didn't notify authorities until 2011
  - In 2012 NY times releases article w. Mr. Zapata's story
  - Outrage
  - FCPA compliance
  - Value of shares drops \$10 Billion

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# Company Strategy

- Aggressive Growth Strategy
- 27 countries outside of US
  - 26% of revenue
- “Our strategy will guide our approach to capital discipline...”- Doug McMillon CEO
  - moderate the growth of investments in stores
  - increase investments in e-commerce

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# Problems Facing the Company

- Wal-Mart competes in a saturated market and needs to be fast to build supermarkets
- Pressure on international subsidiaries to exceed expectations as the growth in the U.S stagnated
- Has to abide by the Foreign Corrupt Practices Act, but government would take too long to issue permits without bribes

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## Whose fault is it?

- Although bribes are common in Mexican business practices Walmart has to follow the FCPA
- The CEO of Wal-Mart Mexico is at fault. When Eduardo Castro assumed the position the bribes increased
- He was pushing others to do anything in order to grow
- Employees were paying off government officials as well

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## Options Available

- Wal-Mart had the possibility to follow the rules and grow at a slower pace
  - risks being beat out by competitors
- Bribes are a common practice in Mexico, so they had to adapt and give money to government officials
- Wal-Mart could have gone to the news and told them their situation, with the pressure of the public opinion maybe the government would have issued permits faster
- Wal-Mart has the opportunity to accept their mistakes and create a new strategy to keep growing in Mexico

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