

“Saving Business”

**Business Sustainability – A Competitive Strategy
for Business Leadership in the 21st Century**

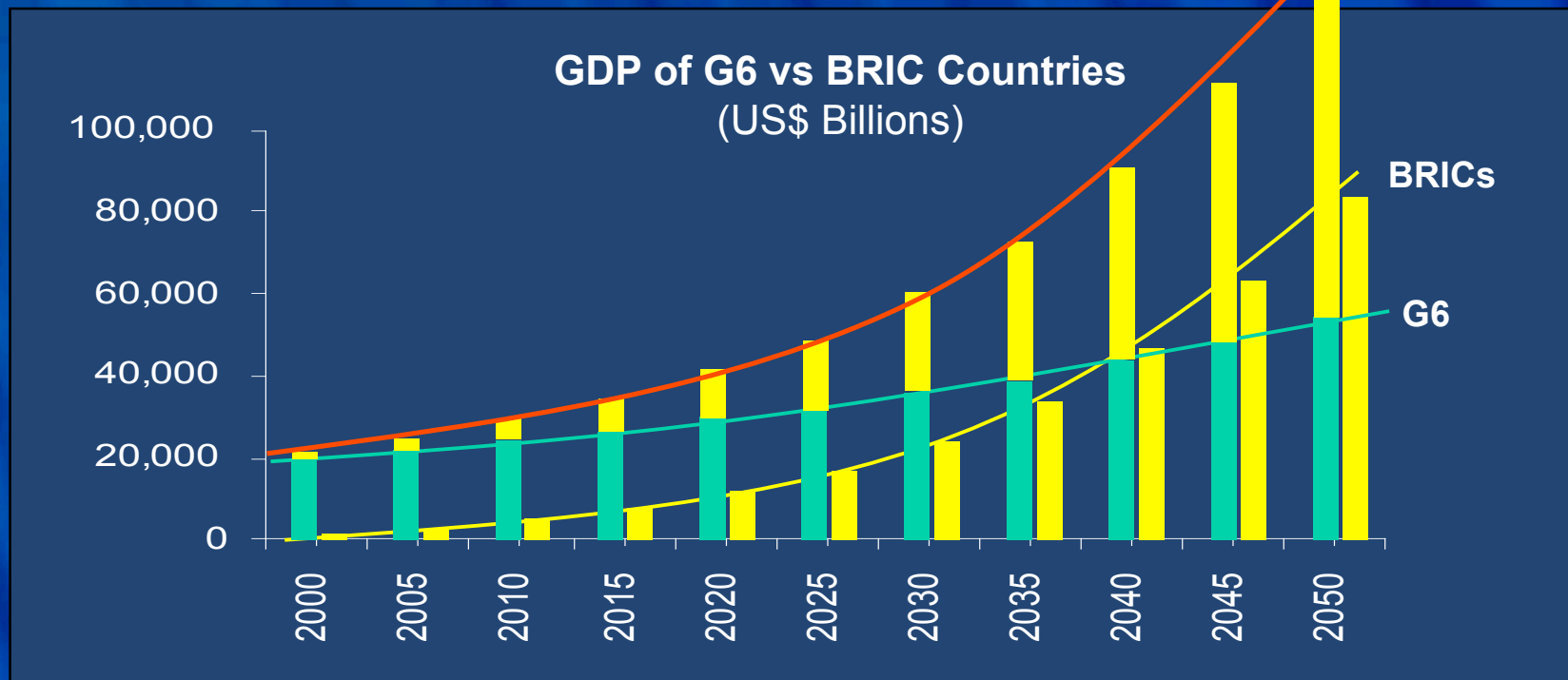
May 2006

Tyler J. Elm
Corporate Strategy
Wal-Mart Stores, Inc.

**Today there are 6.3 billion people.
In 2025 there will be 8 billion people.
What will it take to provide for everyone?**

Asymmetric Growth v. Resources

Population + Economic



Q1: What would it take for your company, in every country, to continue growing at current rate for the next 20 years?

“Of the world's 100 largest economic entities, 42 are now corporations, not countries”

- CSIS, 2004

**Q2: What will be the role of
business in the 21st century?**

Business Sustainability

**Economic benefits derived from
improved environmental and
social outcomes**



ROLLBACK

Smile, you're saving even more.

CO²



***To be supplied 100%
by renewable energy***

- Stores 25% more efficient in 7 years
- Fleet 25% more efficient in 3 years



To create zero waste

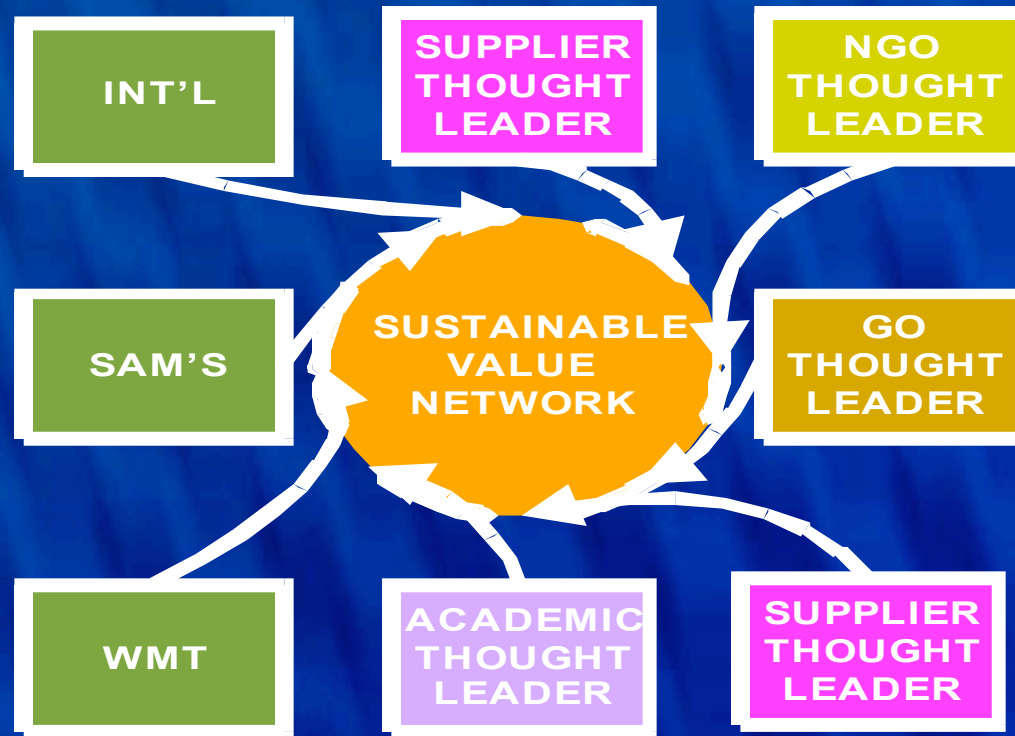
- 25% reduction in solid waste in 3 years



***To sell products that
sustain our resources
& environment***

- 20% supply base aligned in 3 years

Sustainable Value Networks



Sustainable Value Networks

Climate

Waste

Products

Global Greenhouse Gas Strategy

Energy, Design Construction & Maintenance

Global Logistics

Operations & Internal Procurement

Packaging

Textiles

Electronics

Food & Ag

Forest & Paper

Chemical Intensive Products

Jewelry

Seafood

China – Sourcing and Government Relations

Sustainable Value Networks

Derive economic benefits derived from improved environmental and social outcomes

Develop a “sensing organization” that is aware of the external business environment, and able to incorporate this perspective into business decisions to create long-term value

Transition from a “transactional organization” to an organization based on “value-added relationships”

Zero Waste – Packaging Principles



Remove Packaging

Reduce Packaging

Reuse Packaging

Renew (able) Packaging

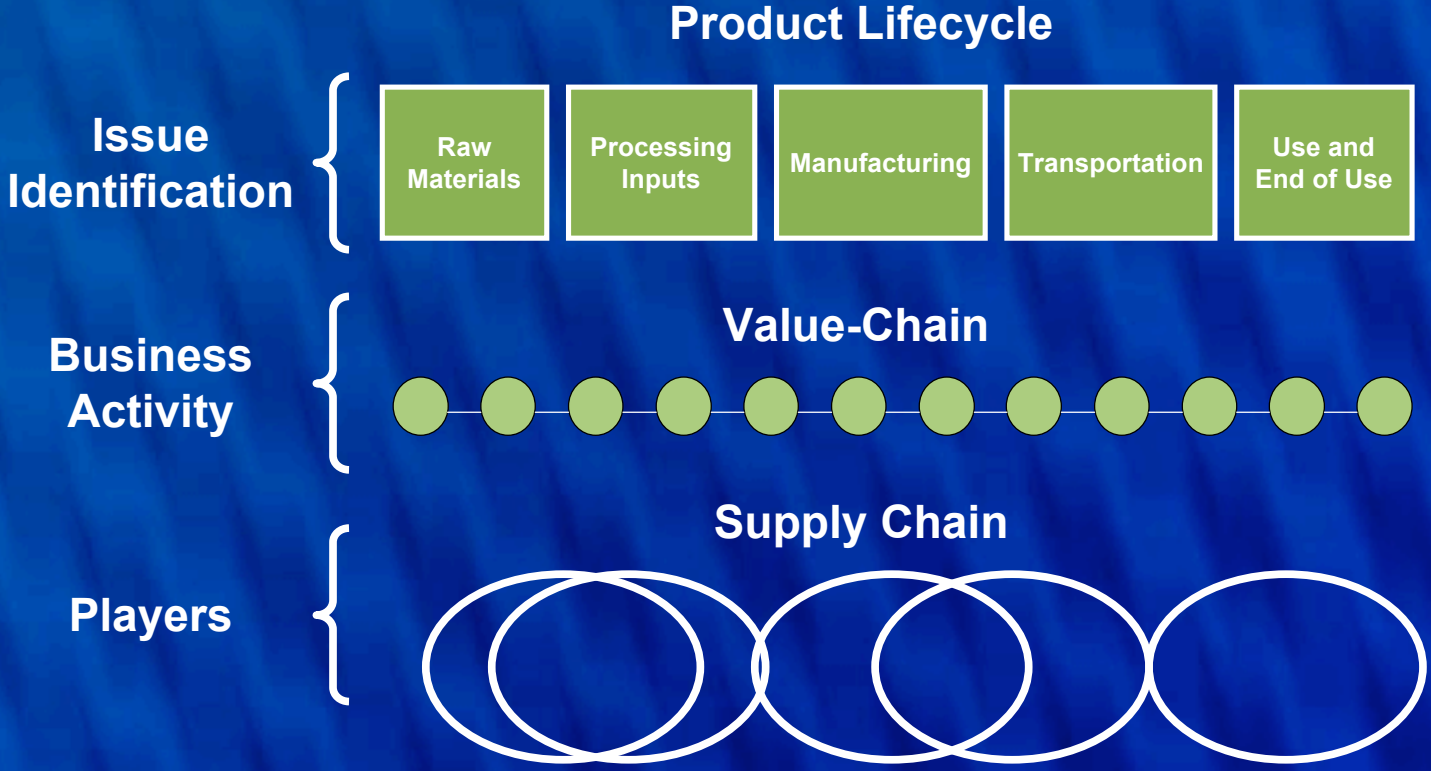
Recycle (able) Packaging

Zero Waste – The “Sandwich Bale”



What can you do?
What can we do together?
**What future will we choose
to create?**

Becoming a Better Company



Summary

- 1. The role of business in the 21st Century will be different than that of the past**
- 2. Consider sustainability as a strategic source of competitive advantage along the value chain**
- 3. Develop aspirational goals to create business opportunity**
- 4. Collaborate with key stakeholders, including those seen as peripheral or adversarial**
- 5. Build the organizational capacity and new leadership skills required to manage value chains**

“Every single pressing social and global issue of our time is a business opportunity”

-Peter Drucker

Appendix

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Sustainability – The Business Strategy

Sustainability

Environmental, Health, and Safety (EH&S) Management

- ISO 14001, Life Cycle Analysis, pollution prevention, compliance, EH&S reporting,...
- *EH&S and legal/ technical*

Corporate Social Responsibility (CSR)

- Social audits, SA8000, philanthropy, community relations, CSR reporting,...
- *Corporate communications*

Business strategy

- Value chain innovation, sales & marketing, organizational change
- *Business managers and supply chain partners*

Transitioning to the New Growth Curve

Leaders are Visionary

High experimentation –low systemization

Mistakes expected – learning happens

Loose, informal organization

High energy and passion

Leaders are Builders, Growers, Managers, Administrators

Systemization and policies

Hierarchy/ title proliferation

More formal organization, communications & relationships

Diversity of ideas diminishes

New contrary data is challenged or rationalized

Leaders must

- flexibly span many time horizons
- take responsibility for this curve and the next
- understand and live with paradoxical ideas, feelings and organizational realities
- appreciate the creative tension of chaos

Future Goal = Exploit the new business model

- EDLP+
- Democratize sustainability

CHAOS

Transformative Period

Goal = Lead both curves simultaneously

Formative Period

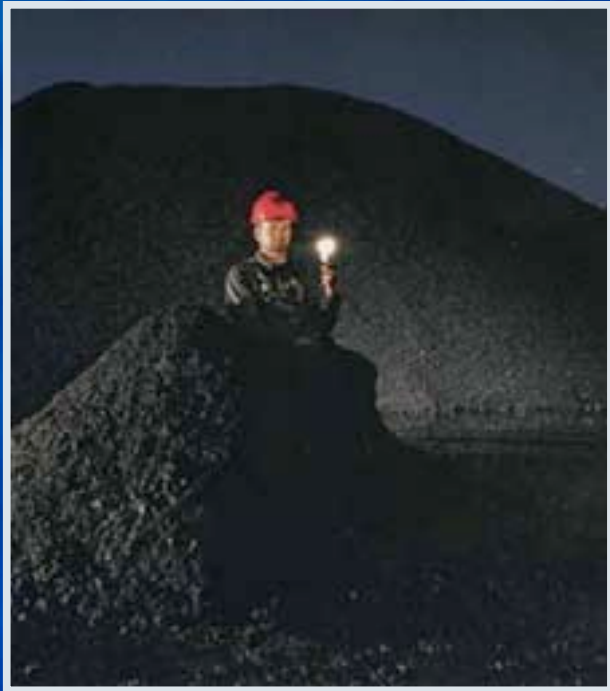
Goal = Find a business model that works

Normative Period

Goal = Exploit the business model

- EDLP
- Supercenters
- Distribution efficiency

One Compact Fluorescent Lamp



- + Uses 80% less electricity.
Saves \$30-\$80 on power bill.
- + Prevents 500 pounds of coal or 1 barrel of oil from being burned.
- + Keeps a ton of greenhouse gas (CO₂) out of the air.
- + Lasts 8 to 12 times longer > keeps 8-12 bulbs from the landfill.

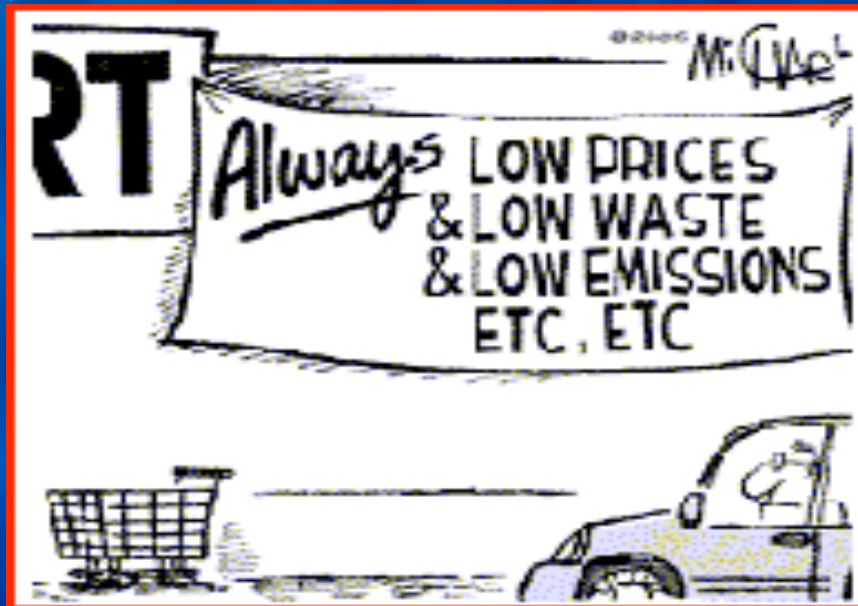
One CFL For Each Customer During Just One Week



- + \$3 billion saved on power bills.
- + 50 billion pounds. of coal prevented from being burned.
- + 2 million cars worth of greenhouse gases kept out of our air. (100 million tons)
- + 1 billion incandescent bulbs kept from the landfill.

**Numbers are over the life span of one CFL bulb in comparison to an incandescent bulb.

Business Sustainability



Challenge:

- Mindset

Must Have:

- leadership at the top
- swim up-stream mentality
- strategy/business model (live within business)