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## **Walmart's Sustainability Journey: Andy Ruben and the Design of Organizational Structures and Systems (A)**

On October 24, 2005, Andy Ruben listened attentively to Walmart CEO Lee Scott's passionate speech, "Leadership for the 21st Century." Over the past year he had worked closely with Scott to define the company's ambitious sustainability strategy, so he was not particularly surprised by the speech's contents; still, he felt awed as Scott publically announced, for the very first time, Walmart's remarkable sustainability goals: to be 100% supplied by renewable energy; to create zero waste; and to sell products that sustain the world's resources and environment.

Ruben had accepted the role of Vice President of Strategy and Sustainability at Walmart several months earlier, and Scott's very public speech added a sense of gravity and urgency to the work ahead. Just moments before the speech, Scott had asked Ruben, "Will this work?" Even as he reassured Scott, Ruben thought,

In reality, there isn't a person on this planet who could definitely answer that question 'yes.' Who could predict how 1.6 million Walmart associates would react? Would they view this as a call to action? Would they view our CEO as disconnected? Or worse yet, how would customers respond? How would our board respond? What would the press write about it?<sup>i</sup>

Andy Ruben knew that he would be spending the next few years discovering answers to these questions. He faced the immediate challenges of building an emergent sustainability office to lead the efforts of turning Lee Scott's ambitious vision into operable activities and measurable

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outcomes. Grasping his colossal undertaking, Ruben was aware that his first decisions in shaping the organizational structures and systems of the new sustainability strategy would be critical—and might very well mean the difference between success and failure over the long run. The job seemed mammoth, but Ruben believed that the payoffs could be equally enormous.

### **Andy Ruben's Journey to Sustainability**

A native of Columbus, Ohio, Andy Ruben earned his bachelor's degree in civil engineering, and then pursued his master's in business administration in 1996 from Washington University in St. Louis. Before his marriage and the arrival of his two children, Ruben backpacked halfway across the Earth, from the southern tip of Chile to Alaska—without any inkling that in a few years it would be his job to help preserve the land he trekked.<sup>ii</sup> When Ruben began his business career, he served as a founding member of Ernst & Young's Strategy Practice, before joining Walmart as Director of Corporate Strategy in 2002. By 2003, he had been promoted to Vice President of U.S. Strategy.

Ruben became involved in sustainability efforts at Walmart in June 2004, after Lee Scott hired Conservation International (CI) and a nascent sustainability consultancy, Blu Skye, run by Jib Ellison, to measure Walmart's environmental impact. Scott asked Ruben to work closely with Ellison to consider how Walmart could institute changes. Ellison remembered Ruben as a critical leader in recruiting and seeking out passionate advocates within Walmart who could help jumpstart the sustainability program:

He was a young guy in the strategy group helping Lee with a variety of special projects of which this became one, and he was an early adopter intellectually and emotionally. So he became early on the guy who we would call on the phone every day and talk to inside the business, and he became increasingly enthusiastic about it as a business strategy. He became the guy who is running around all over the place in the business, outside the business. He was really the chief enrollment officer at the time.<sup>iii</sup>

As initial conversations began, Ruben and his team faced the constant challenge associated with the vast number of opportunities for improvement that a company of Walmart's size could pursue. As the world's largest retailer, Walmart hosted more than 120 million U.S. consumers every week;<sup>iv</sup> its 2005 U.S. revenues exceeded those of the next five largest retailers combined (Home Depot, Kroger, Sears Holding Company [which includes Sears and Kmart], Costco, and Target).<sup>v</sup> In both domestic and international markets, in 2005 Walmart served more than 138

million customers each week in approximately 1,500 stores that employed more than 1.6 million people. Walmart's worldwide data centers also tracked approximately 68 million stock-keeping units weekly. International sales in 2005 contributed more than \$56 billion, such that Walmart's global revenue for that fiscal year reached \$285 billion (see Exhibit 1).<sup>vi</sup>

This scale and scope presented both opportunities and challenges for Walmart's sustainability efforts. On the one hand, even minor improvements could have large-scale impacts, considering its massive global supply chain and customer base. On the other hand, implementing sustainability projects throughout such an enormous organization would be an intensive undertaking. The hope was that new projects would be consistent with Walmart's long-standing business mission to provide everyday low prices to its customers, but Ruben and his colleagues remained unsure about what Walmart realistically could accomplish. No company the size of Walmart had ever undertaken to achieve the types of sustainability goals that Lee Scott had publically announced for the company.

Ruben recalled the questioning and experimentation that characterized early sustainability discussions:

I can barely describe how many nights were spent just hashing it out and fighting and arguing about how we were going live up to our potential. In these rooms were smart, passionate people arguing about what to do.... How are we possibly going to figure this stuff out? At some point we realized that every time someone at Walmart makes a decision, there are 100 unintended consequences. And there's no one person who's ever going to get all those. So our goal became to help every business leader understand more of the unintended consequences so they would simply make better business decisions. Our focus couldn't be about the business decisions but rather how we would interject sustainability thinking into the business when you've got a million and a half people internally, and hundreds of millions of people having that system's viewpoint externally?... I think those holy-cow moments pushed us to figure out how to deliver on that in new ways.<sup>vii</sup>

Long conversations and breakthrough moments contributed to Ruben's, and the broader Walmart community's, growing understanding of the potential for a sustainability strategy. Early meetings served as storytelling forums about successful innovations and programs. Ruben hoped to produce a few narratives that demonstrated how Walmart could add value not only to customers and shareholders but also to the broader environment and society as a whole. Ruben was stunned by the results of this effort: "We did end up with those stories; but instead of three to four, we

had hundreds of them.” Early successes at Walmart initiated a virtuous cycle of innovation; one person’s story encouraged others to explore what might be accomplished elsewhere.

As he learned more, Ruben increasingly came to view the sustainability movement as an important strategic opportunity for Walmart. After reading Paul Hawken’s *Ecology of Commerce*<sup>viii</sup> and Adam Werbach’s speech, *The Death of Environmentalism*,<sup>ix</sup> on a plane trip with Jib Ellison to the United Kingdom, he experienced a “personal epiphany that sustainability was the single most important strategy that we could take on as a company.... Put up against any strategy in any way, this was the single largest opportunity that we would have.” He eventually came to consider the potential benefits of a sustainability strategy at Walmart as equal in importance to the other significant bets that marked Walmart’s history:

To give you a sense of how I think about strategy, we need to go back to Walmart in 1962 when we opened up a discount store in rural America. At the time, everyone told [Sam Walton] he was a fool. ‘That’ll never work. You’ve got to be in a big city. There’s no market in Alliance, Nebraska.’ And he said ‘no, I think there is.’ So strategy was about looking for those opportunities the rest of the world wasn’t seeing, because if the world was seeing it, it probably wasn’t that great of an opportunity.

And if you fast forward to 1992, we start expanding Walmart from just the Midwest. And we couldn’t figure out how to get the right products in the right stores for specific markets that were so far from Arkansas. So we said, ‘boy, the only way we’re going figure this out is if we start sharing all the sales data with our suppliers because P&G will just start spending more time trying to understand where you sell more Tide and where you put what items than we can.’ At that point, though, retailers didn’t share data with suppliers. You don’t do that. That’s your proprietary data. So again, no one’s doing it. It sounds a little crazy.<sup>x</sup>

To Ruben, a sustainability strategy offered the same type of “a little crazy” approach to identifying strategic opportunities. Walmart’s historical focus on everyday low cost meant that it led the world in achieving efficiencies in logistics, operations, and product sourcing, but Ruben believed that a sustainability initiative also could invigorate Walmart to see

...how much is being left on the table, to realize you’re just starting to scratch the surface. And at the same time, there’s so much value created, just like there was in opening a discount store in rural America by serving people’s needs. There’s all this value to be created and therefore an incredible business opportunity because you add that value.

Despite Walmart’s well-known reputation for efficiency, Ruben came to consider Walmart as “the lowest cost of a bunch of high-cost operators.” While performing well in comparison to its

peers, the company still had room for radical improvements to meet the growing demands of sustainable development.

In the summer of 2005, Lee Scott tapped Ruben to become the first Vice President of Strategy and Sustainability at Walmart. Ruben had previously turned down the offer twice, believing that a leadership role in sustainability would eventually hurt his career: “I was trying to figure out what I had done wrong in strategy that Lee Scott wanted me to go do environmental work.” After he learned more about the potential of a sustainability strategy, Ruben finally accepted the job when Scott insistently offered it to him a third time. He never regretted his decision; his work leading Walmart’s early sustainability efforts soon became “the most meaningful and exciting three years of my professional life.”

### **Designing Organizational Structures and Systems**

As Vice President of U.S. Strategy, Ruben’s job had been to envision new opportunities for Walmart. As the first Vice President of Sustainability, his new job was to design the organizational structures and systems that would enable the desired strategy to be implemented in practice. The critical difference between these positions was “the difference between theoretical strategy and actually creating the change.” In his sustainability role, Ruben needed to find a way to implement a new strategic direction across a vast organization:

I think the more that sustainability unfolded, the hard part wasn’t to see that it would be important. The hard part was believing that the leadership and organization would really be there to support it. Would we actually be able to find our path through this as a core-business strategy? Would the organization and everyone else be able to get behind it and support it and do it the way that would allow it to work? These are big questions.

A challenge to Ruben’s efforts to seek answers to these questions was that Scott’s “21<sup>st</sup> Century Leadership” speech had ended the period of under-the-radar experimentation and trial that had characterized earlier sustainability efforts. On October 24, 2005, Scott’s talk reached 1.6 million Walmart associates in all of its 5,000-plus stores worldwide, as well as its more than 60,000 suppliers. Scott presented a long-term agenda to make “the earth a better place,” acknowledging that his sustainability goals were “both ambitious and aspirational, and I’m not sure how to achieve them ... at least not yet.”

The task of transforming Scott's grand vision into operable structures and systems would fall to Ruben. Although the public nature of Scott's speech provided substantial credibility to initial sustainability efforts, as well as promises of growing resource support within Walmart, it also inevitably meant increased scrutiny and accountability. Ruben knew that both external activists and internal associates would be carefully watching Walmart's actions, trying to evaluate whether Scott's speech represented a credible commitment to long-term change or a short-term public relations effort.

To initiate a pathway toward achieving Walmart's ambitious sustainability vision, Ruben needed to develop a strategy about what should be done, who should decide, and in what order and speed. Four key tasks required immediate attention: designing a sustainability office to guide the organization in its new endeavors; developing a strategic planning process to identify and implement new programs and initiatives; formulating stakeholder engagement strategies to bring new ideas and perspectives into the organization; and initiating educational efforts to develop and spread new mindsets and skills throughout the organization.

### **The Sustainability Office**

The first task Ruben faced was to organize the emergent sustainability office, particularly in defining the relationship between the new office and the rest of the organization. Should he develop a strong, centralized sustainability group to define and implement strategic priorities in sustainability programs, or should he continue with the bottom-up style of experimentation and trial that had characterized strategic decision making so far? The early successes of Walmart's sustainability program had not resulted from a top-down strategic planning process. Instead, Scott had brought talented and passionate people together and encouraged them to engage in new conversations about how a sustainability mindset could change the ways that Walmart conducted business.

However, Ruben worried that the same culture of bottom-up experimentation and trial might not function well in the face of the public scrutiny certain to follow Scott's announcement of Walmart's ambitious sustainability strategy. Centralizing decision-making authority into the sustainability office would allow him and his team more direct control over resources and expertise in choosing and supervising new programs and initiatives. Yet, despite the benefits of a highly centralized, controlled decision-making process, he was concerned that a strong central

sustainability office would cause organizational members to view the sustainability strategy as separate from their daily operations or the company's key business focus.

Ultimately, Ruben hoped to lead a transformative strategy that enacted change “*through* the organization rather than *to* the organization,” in line with his belief that Walmart's full potential could be achieved only if sustainability were integrated into its core business mission. However, Ruben also understood that the demands for quick and measurable results might require more direct control and oversight over sustainability activities, to ensure that measurable, focused results could be achieved, and then communicated, effectively.

These initial decisions about the design of strategic processes had clear implications for the structure of the sustainability office. If he planned to decentralize authority into the business itself, a smaller office would be needed. In this case, the primary purpose of the sustainability office would be to introduce new knowledge and perspectives to those within the organization who ultimately would decide which sustainability goals and projects were most appropriate to their own circumstances. In contrast, a more centralized strategy would require a larger sustainability office that possessed more substantive expertise and project management skills. With this option, the members of the sustainability office would lead, rather than consult in, efforts to identify, implement, and evaluate new programs.

Ruben had already hired some full-time sustainability staff members before Scott's speech, including Tyler Elm, who had experience running similar sustainability change efforts at Office Depot. But the new announcement required rethinking the overall mission of the sustainability office to match the ambition of Scott's public vision. How large should the sustainability office grow? How many more personnel would be required? And how should he define the roles of the representatives of this office: as strategic planners, public relation experts, technical experts, facilitators, educators, or innovators?

### **Programs and Processes**

As well as designing the structure of the sustainability office, Ruben and his team also needed to develop a strategic planning process by which potential initiatives across the corporation could be identified, evaluated and implemented. While Scott's speech had set out the long-term vision



for sustainability at Walmart, an important next step was to clearly define and communicate what types of programs the new sustainability office would promote and support.

In particular, Ruben hoped to actively manage time and aspirations in developing a portfolio of programs across the organization, as he understood that the success of the initiative would be evaluated over both the short and the long run. Both external and internal constituencies would demand measurable improvements quickly, so concrete goals within reasonable time frames needed to be established. Ruben did not want to set unrealistically demanding goals that might take years to accomplish, if they were achieved at all. However, if he moved too cautiously, he worried that Walmart associates might not be sufficiently challenged or motivated to strive toward Scott's aspirational vision of what the company could accomplish.

To encourage the organization to seek innovative and ambitious initiatives, Ruben and his team differentiated between projects based on the scale and timing of their impact, distinguishing between:

- Quick-wins that demonstrated business and environmental returns almost immediately;
- Innovative projects that were designed for one to three-year payback windows; and
- Game-changers that entailed radical departures from traditional business practices and required longer-term planning horizons with regard to both their implementation and their effects.

The implementation of quick wins that promised immediate financial returns and positive environmental impact were important to build and sustain momentum throughout the organization, but Ruben hoped to balance the pursuit of short-term objectives with a concerted effort to develop innovative, large-scale projects that would allow the organization to reach more ambitious goals.

Ruben believed that Walmart's response to Hurricane Katrina had already raised aspirations within the corporation about what could be achieved through a sustainability strategy. After Hurricane Katrina hit New Orleans in August 2005, observers noted that Walmart was quicker to respond to the emergency conditions than many federal, state, or local government agencies. In comparison with the negative publicity it had been receiving at that time, Walmart enjoyed high praise for its effective and helpful efforts.<sup>xi</sup> To Ruben, Walmart's response to Katrina illustrated



the organization's potential to take significant actions that moved beyond incremental changes over historical benchmarks:

What Hurricane Katrina did was change the whole unit of measurement; we shouldn't focus only on performance compared to last year, but rather ask, 'how are we doing against our potential?' It was, basically, saying don't be happy with three- or four-percent gains. Take the blinders off. What's the potential? And then, now that you feel like the gap is really big, go out and work with everybody you can possibly find who can help you get to that potential.

If the company were truly to accept Scott's goals as serious, attainable objectives, Ruben believed its internal aspirations and recognition of what was possible had to be transformed:

It would have been easier ... to simply go after something that just looked good or felt good but didn't really grapple with our business model. We probably would have picked trucks because they're very tangible. And we would have taken out a big platform on making trucks more efficient. But at the end of the day, I don't think that that would have changed how Walmart saw itself. I don't think it would have changed our ability to work with people who had different viewpoints and actually get better from it. I don't think it would have changed how people thought about us as a global company instead of a retailer.

In designing structures and systems, Ruben hoped to actively balance the pursuit of short-term objectives with continuing efforts to raise the aspirations of what could be accomplished over the long term.

### **Stakeholder Engagement**

One strategy by which Ruben hoped to bring new ideas and skills into the organization was through an active effort to incorporate external stakeholders into strategic decision-making processes. He understood that a primary impetus for Walmart's environmental strategy was external stakeholder pressure related to a range of issues, from labor standards to health care to store sites and product sourcing. Walmart executives realized the need to improve the company's public reputation to maintain its "license to grow," both in the United States and abroad. Political and social issues continued to challenge Walmart's efforts to expand.

For Ruben, the danger was that sustainability might be perceived solely as a public relations effort. He wanted to avoid this perception, especially in the early stages of the initiative, mainly for strategic reasons. In particular, there would be many nongovernmental (NGOs) and activist organizations seeking signs of failure or hypocrisy, so any public promises, beyond the broad goals initially set, might simply backfire:

Some people have more interest in not liking us than liking us, and there was nothing that we were going to tell them that was going to change their minds. So we might as well go do big things and take some big risks and reach our potential.

Ultimately, he believed that Walmart's deeds, rather than its announcements, were the most effective response to potential critics, and he therefore wanted to focus on accomplishments rather than communications. To accomplish this goal, he hoped to evaluate each project independent of its media value:

There was a litmus test that we used because there were ideas and efforts coming out of the woodwork. The litmus test was, if you want to go do 'X,' would that be something that you would do if no one ever knew about it? And if the answer was yes, we'd say, 'full steam ahead, what do you need to go faster?' And if the answer was no, we'd start to question whether that really fit within the strategy. And so we had to clearly separate things that would have a PR marketing benefit and a government-relations benefit from the true corporate strategy efforts.

But Ruben's desire to avoid evaluating sustainability projects from a public relations perspective was also personal. Although he knew little about the natural environment at the start of the project, Ruben had become personally convinced that worldwide action on the environment was necessary to forestall long-term disaster. He hoped to lead an initiative that moved beyond image management to leverage Walmart's substantial resources and power to make real efforts in addressing important environmental issues, and he believed that similar moral motivations would influence others to commit similarly to sustainability efforts:

People, I fundamentally believe, like to be part of something bigger than themselves. At the core we are social beings; and we like to work on things that are simply larger than ourselves. And sustainability offers that opportunity, as did Katrina.

Ruben's goal was not just to avoid conflict with stakeholders but to change the way Walmart heard and listened to outside voices. Many of its earliest lessons had come about because the retailer had intently listened to new voices, such as representatives from environmental groups. Ruben also saw the powerful potential of stakeholders to push and invigorate corporate thinking beyond an incremental mindset, to brainstorm about what could be done anew:

These are people who may dislike you, may disagree with you, will definitely have differing opinions, but can make you better. So go out, spend time with them, and then come back here better and more successful than before.

His own early experiences in a multi-stakeholder meeting proved instructive:

There were a lot of uncomfortable moments. I remember early on one held at the Embassy Suites so it would be a neutral territory. We took a break, and I remember the thought in my mind as I was getting myself some coffee was, ‘gosh, I hope we haven’t gotten in over our heads’—because it was so uncomfortable. People weren’t sure about why they were there. We have outsiders who showed up who couldn’t understand why they were now meeting with Walmart. They weren’t sure what they’d gotten themselves into. And you had a group of Walmart executives that couldn’t quite understand why they had showed up either. And we had all agreed to spend the next four hours together talking about hard topics. But I think having done that you walk away and realize that, actually, as painful as it was, you’re better off for it. It laid the groundwork for a lot of what was to come.

Although he recognized the potential for uncomfortable situations, Ruben could see that efforts to bring new players into the room for tough conversations had already proven successful. To Ruben, pushing the organization to listen to new ideas and engage in new conversations with external stakeholders was a critical part of any sustainability strategy designed to encourage innovative thinking that moved the organization in new directions.

### **Sustainability Mindsets**

Ruben also considered the role of educational programs as an additional means to develop and spread new skills and expertise throughout the organization. He hoped to diffuse a new mindset that would enable associates to develop their own knowledge of sustainability, so that they could identify opportunities and evaluate prospects in their own areas of expertise. The organizational challenge to the development of new mindsets was that this task required more than communicating information through a lecture or a book:

Mindset is one of the most challenging things to shift because I don’t think you can force someone to change a mindset. But what we have done has been really effective. At a top level, they’re basically field trips; you take people out of the conference room they’re used to sitting in. A few examples: Jib Ellison and I were both with Lee Scott as we went to Vermont and collected sap with maple sugar farmers. It’s not like reading a report. They’re people talking about the trees you’re standing among with stories of how they grew up and how maple trees no longer survive at this latitude. And then you can go and sift through massive amounts of data at the research center on top of Mount Washington. But the experience with the farmers is much richer.

Walmart had a long-standing tradition of “Eat What You Cook” trips, on which Walmart’s buyers would take an entire day to go into a store or a supplier’s operation to learn first-hand what customers were buying. Jib Ellison recalled that the sustainability team adopted the idea for their own purposes, calling them “Sustainability Eat What You Cook” trips:

The purpose from the outset was to take these very busy senior executives out of their normal environment, take them to places that they would not normally go, to talk to people they would not normally talk to about things that they would not normally talk about, in the hope that it would create an intellectual understanding about what sustainability means and its relevance to the business, and emotionally touch them in such a way that they would be inspired to take action.

These trips involved anyone in charge of an area, who then spent a day, several days, or even a week looking at products at the source—whether a corn field in Iowa or a cotton field in Turkey. Other excursions moved executives out of comfortable boardrooms so that they could experience first-hand the impacts of climate change on a single element of the environment. Ellison believed that the goal of fostering sustainability mindsets through field trips resonated well with Walmart's preexisting culture:

Walmart is very interesting in that deep in the culture is a strong desire to 'do the right thing.' So in the background of all the noise of the business model and how big they are, and everything else, it became very clear to me that for whatever reason, there was a strong desire, not well defined, to do the right thing. There's a strong part of that culture that really does feel like they are serving a societal benefit by providing everyday low price to those people in society who don't have access to goods and services, that don't have a lot of extra money to spend. So that was, I think, a very strong component of why this worked because we just tapped right in. We said, 'look, you can do the right thing and save money. Look! You can do the right thing for your customers. You can do the right thing for the community. You can do the right thing for the world consistent with your business model.'

Even as he was committed to shifting mindsets within Walmart, Ruben also recognized the importance of strengthening and extending the business case for sustainability. As the sustainability initiative grew, stakeholders would insist on a careful accounting of the business returns on the new expenditures. He also needed to develop solid financial reports for sustainability-inspired efforts, "because the challenges and the opportunities in front of us were so much greater than the amount of funding that would ever be there from a public relations perspective. It just wouldn't be big enough to capture the opportunity."

So how could Walmart balance environmental impact with business profitability? Ruben believed that he could provide ready justification for many quick-win solutions. But over the long haul, business decisions that weighed both near- and long-term implications were far more difficult. Developing sustainability mindsets to identify and seek new business opportunities thus was a critical component for any successful long-term strategy.

### **An Ambitious Undertaking**

Lee Scott's speech about Walmart's leadership in environmental sustainability was inspiring, leading Andy Ruben to contemplate closely the immensity, complexity, and vast promise of the task before him. The titanic opportunity was both thrilling and terrifying. Other executives would be looking to Ruben for leadership, in terms of setting project priorities and developing new strategic decision-making processes and goals. Instead of focusing on a single policy or program, Walmart's new Vice President of Strategy and Sustainability needed to think through how to initiate a sustainability strategy that implemented a portfolio of projects across multiple time frames and issue domains. He also had to decide quickly how to proceed, such that he could simultaneously lead change efforts in a controlled manner while encouraging experimentation and allowing for the inevitable mistakes associated with innovation. He also worried about his own career trajectory, especially if he took risks that proved unmanageable in the Walmart context. A daunting task certainly—but the rewards could be enormous for the company, for the planet, and for him. He hoped he made the right choices in forming and managing a sustainability office designed to facilitate the next stage of Walmart's sustainability journey.

**Exhibit 1. Excerpts, Walmart Annual Report, 2005** <sup>xii</sup>*Financial Trends*

<i>Fiscal Years Ended January 31, (In Millions Except Per Share Data)</i>	<b>2005</b>	2004	2003	2002	2001
Net Sales	<b>\$285,222</b>	\$256,329	\$229,616	\$204,011	\$180,787
Cost of Sales	<b>\$219,793</b>	\$198,747	\$178,299	\$159,097	\$140,720
Net Income	<b>\$ 10,267</b>	\$ 9,054	\$ 7,955	\$ 6,592	\$ 6,235
Diluted Earnings Per Share	<b>\$ 2.41</b>	\$ 2.07	\$ 1.79	\$ 1.47	\$ 1.39
Long-term Debt	<b>\$ 20,087</b>	\$ 17,102	\$ 16,597	\$ 15,676	\$ 12,489
Return on Assets <sup>(1)</sup>	<b>9.3%</b>	9.2%	9.2%	8.4%	8.6%
Return on Shareholders' Equity <sup>(2)</sup>	<b>22.1%</b>	21.3%	20.9%	19.4%	21.3%

(1) Income from continuing operations before minority interest divided by average assets.  
(2) Income from continuing operations divided by average shareholders' equity.

*U.S. Highlights as of January 31, 2005*

<i>As of January 31, 2005</i>	
Total Number of Discount Stores	1,353
Total Number of Supercenters	1,713
Total Number of Neighborhood Markets	85
Total Selling Space (SQUARE FEET IN MILLIONS)	459.2
Total Sales	\$191.8 billion

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**Endnotes**

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- <sup>i</sup> Ruben, Andrew, “Weatherhead Commencement Address” 2008. Accessed February 13, 2012, from <http://www.youtube.com/watch?v=sfXqM1i09qg>.
- <sup>ii</sup> Northwest Arkansas Business Journal 40 under 40-Andy Ruben. *Arkansas Business* Accessed January 19, 2012, from [http://www.arkansasbusiness.com/people\\_nwbj\\_40U.asp?id=352](http://www.arkansasbusiness.com/people_nwbj_40U.asp?id=352).
- <sup>iii</sup> Unless otherwise indicated, all quoted material from Jib Ellison came from a personal interview on July 6, 2011, conducted expressly for the development of this case.
- <sup>iv</sup> *Wal-Mart—A Good Place to Shop but Some Critics Too*. December 15, 2005. Pew Research Center for The People & The Press: Washington, DC. Available at <http://www.people-press.org/files/legacy-pdf/265.pdf>, 18.
- <sup>v</sup> Schulz, D.P. “The Nation’s Retail Power Players 2006” *Stores Magazine*. July 2006.
- <sup>vi</sup> Walmart 2005 Annual Report. Available at <http://walmartstores.com/Media/Investors/2005AnnualReport.pdf>, 3–11.
- <sup>vii</sup> Unless otherwise indicated, all quoted material from Andy Ruben came from a personal interview on July 6, 2011, conducted expressly for the development of this case.
- <sup>viii</sup> Hawken, P. *The Ecology of Commerce: A Declaration of Sustainability*. 1993. New York. Harper Business.
- <sup>ix</sup> Werbach, A, “The Death of Environmentalism and the Birth of the Commons Movement.” Speech given at the Commonwealth Club of San Francisco, December 8, 2004. Accessed June 5, 2012 from <http://grist.org/article/werbach-reprint/>.
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- <sup>xi</sup> Horwitz, S. “Wal-Mart to the Rescue: Private Enterprise’s Response to Hurricane Katrina.” *The Independent Review*, 2009, Vol. 13, No. 4, 511-528.
- <sup>xii</sup> *Ibid.*; Walmart Annual Report, pp. 12, 17.