



**Michael Duke**

**Vice Chairman,  
International Division**

**Wal-Mart Stores, Inc.**



# Opening Keynote

**The Supply Chain in a Global Economy:  
New Responsibilities and Opportunities  
to Deliver Value**

**KSA**

**Kurt Salmon Associates**

# The Wal-Mart supply chain



“Our philosophy has always been this simple:

We are agents for our customers.

And to do the best job possible, we’ve got to become the most efficient deliverer of merchandise that we can.”

- Sam Walton

# Sustainability goals



*To Be Supplied  
100% by  
Renewable  
Energy*



*To Create Zero  
Waste*



*To Sell Products  
That Sustain Our  
Resources &  
Environment*



# Packaging Reduction

- 5% reduction by 2013 means per year :
  - 213,000 trucks removed from the road
  - 323,000 tons of coal saved
  - 66.7 M gallons of diesel fuel saved
- \$3.4 B in savings for entire WMT supply chain
- 10% of retail industry = \$10.98 B



# The value of fuel efficiency

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**1 mpg = \$40 M/year**

# Peterbilt Model 386 Hybrid

**7% more efficient**  
**\$9,000** in fuel savings, per year, per truck



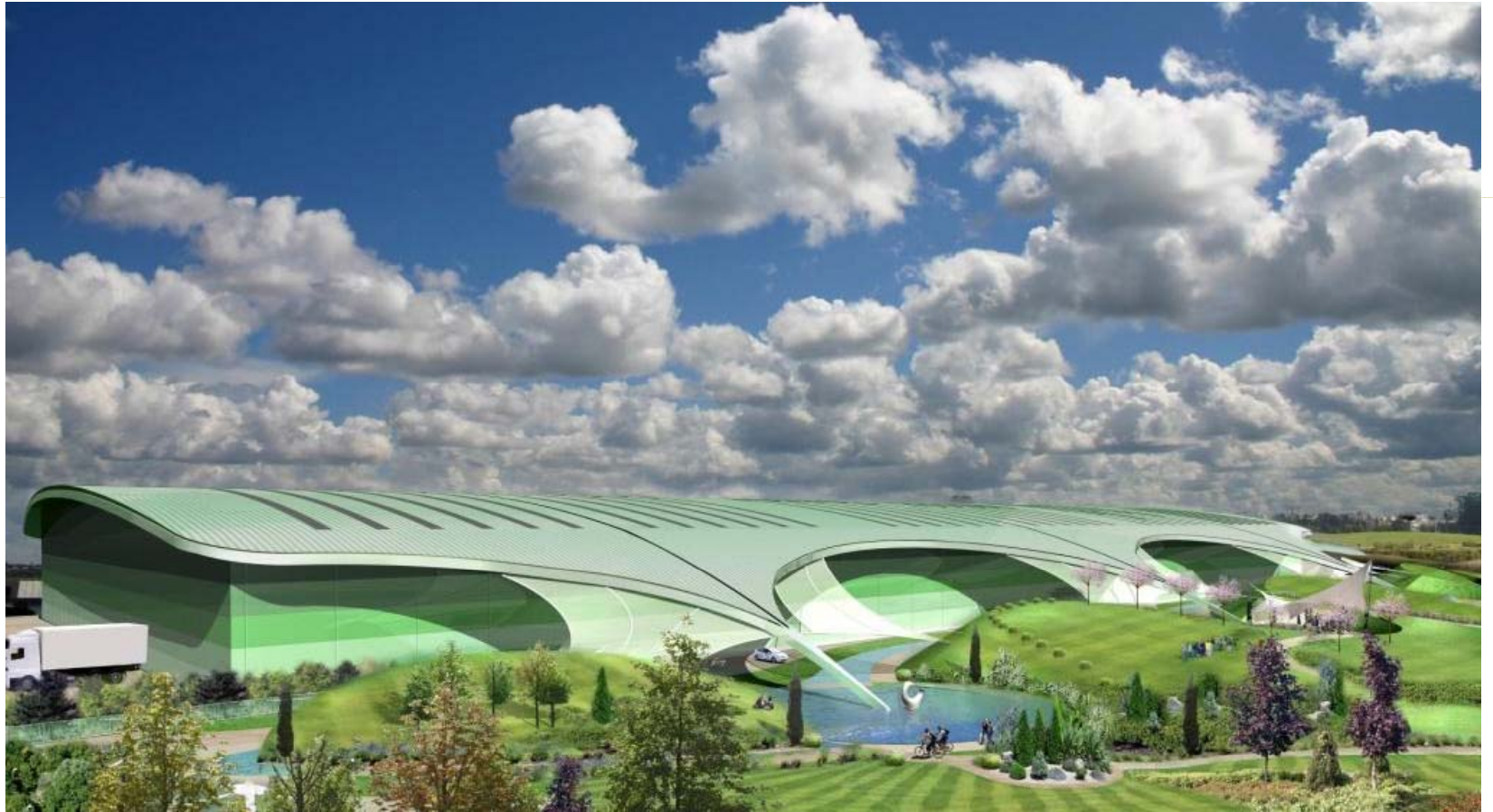
Expected delivery: 2010

# Tianjin, China distribution center



- Environmentally friendly features will **reduce carbon emissions by 31 tons** every year
  - T5 energy saving light bulbs: 20-30% more efficient
  - Day lighting & air-conditioning heat energy recycling system
  - Recyclable energy sources: sunshine battery, wind power generators, 10 solar energy water heaters

# Chatterley Valley Newcastle, UK





# Chatterley Valley

- **The most sustainable logistics facility ever delivered**
- **Truly carbon positive with no requirement for “offsetting”**
- **Significant benefits to local community and surrounding landscape**

## **CO2 & Energy:**

Under floor heating and solar wall

ETFE within roof lights –eliminates night time light pollution

Kinetic power plates –used to power on site electric bus

On site bio-fuel plant –enough to power DC development plus 650 houses

## **Water:**

Grey water recycling to offices – saves 60% of total water requirements

100% on site water reduction – delivers zero impact on the land

## **Materials:**

Building designed to minimize waste – 25% waste reduction for roof and cladding alone

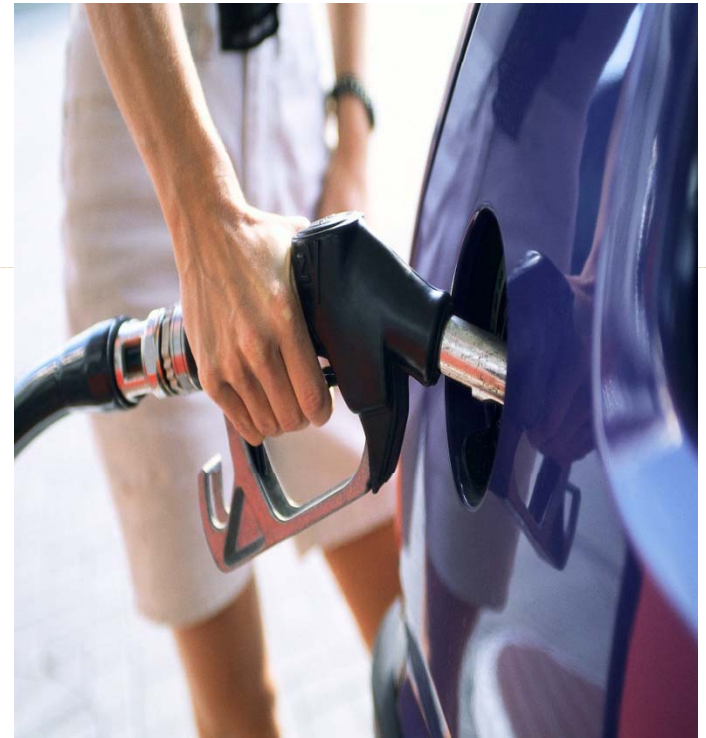
40% of materials delivered from within 35 miles of site – reduces road miles and CO<sup>2</sup> impact

## **Landscape:**

54% of site dedicated to landscaping – offers community benefits, promotes habitat creation

# EPC = Savings for customers

- Eliminating extra trips for 100,000 customers saves:
  - 80,209 metric tons of CO<sub>2</sub>
  - \$22.8 M/ year in fuel
  - 25,000 gallons of gas



# EPC = Savings for Wal-Mart

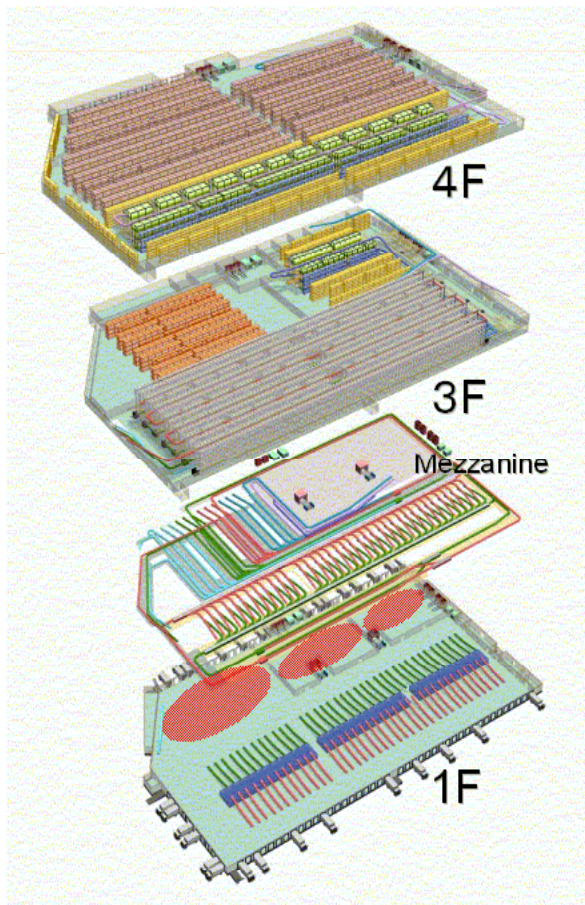
- Out of stock results in lost sales of 2%
- Inventory inaccuracies account for 41% of this loss
- Assuming EPC resolves only 10% of the opportunity
- Suppliers and Wal-Mart would increase their sales by more than \$250 M

# Wal-Mart International

- 13 markets
- 3,111 units
- 51 banners
- 49 M customers
- 620,000 associates
- Annual growth rate: 27.4% in 7 years
- \$77.1 B in FY 2007 v. \$35.5 b in FY 2002
- Approaching \$100 B in 2008



# Japan



- Four floors of production space
- Multiple merchandise categories:
  - Ambient food
  - Perishable food
  - Apparel
  - General merchandise
- Technology:
  - Sortation
  - Automated cranes
  - RF picking

# China



# India



*“If we work together, we’ll lower  
the cost of living for everyone...*

*...we’ll give the world an opportunity to  
see what it’s like to save and have a  
better life.”*

*-Sam Walton*





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