Doug McMillon to Associates: Here's How Walmart Will Thrive



June 7, 2019 By Doug McMillon, President and CEO, Walmart Inc.

If I oversimplify our ability to thrive in the future, it comes down to one thing: our ability to solve problems together well enough and fast enough. That was my message today to more than 6,000 associates at our annual associates and shareholders celebration.

We're learning how to work in an agile way, with customer experiences designed thoughtfully from the start, and with technology doing more of the work so our associates can focus on customers and members.

So which problems should we be working on? Here are a few of the examples I shared:

Customers

What's the one thing busy families can't buy at Walmart? Time. Or is it? Lately, our associates have been solving problems that enable our customers to kind of "buy" time by shopping with us.

A great example is our grocery pickup and delivery capabilities, and today we announced the next phase in that journey. We asked ourselves: what if we not only cover the last mile to customers' homes but even the last few steps? What if we put their groceries away inside their kitchens or garages? And a step beyond that, what if they let us keep them replenished, keep them in stock, on the items they use all the time?

After all, an empty fridge is a problem, especially if you have kids at home.

We're excited to <u>announce InHome Delivery</u> will be available this fall to nearly one million customers across

three cities: Kansas City, Pittsburgh and Vero Beach, Florida. We've tested this idea in a couple of places and here's how it works. All deliveries are done by associates who have been with us for at least a year. The customer is notified when we arrive at their home. Customers can watch a live first-person view of their delivery or a recording of it later.

Another big time-saver: Sam's Club has developed a new app called Sam's Garage. What used to be a half-hour ordeal to buy tires will now take less than five minutes. We're going from multiple systems, paper catalogs and a large desk to a user-friendly, member-grade app on a mobile tablet. We'll give hundreds of thousands of hours back to members. This is what it looks like to be a digital company. Sam's Garage will be rolled out nationwide in July.

Associates

We're also solving problems for our associates.

We're introducing new apps, new hardware, new forms of automation like <u>pickup towers and floor cleaners</u>, with <u>cameras checking inventory</u>. Our goal is to design tools for associates just as well as we design experiences for customers. And we want our associates to grow and be ready to use them.

Over the last four years, we've invested an incremental \$4.5 billion in pay for store and club associates in the U.S. alone. Our starting wage rate is up 50 percent in that time. We've increased the number of full-time roles, and we now stand at 60 percent full-time in the U.S., ahead of industry average.

We've expanded our parental leave policy. A birth mom now gets up to 16 weeks of paid parental leave. We also created a benefit of \$5,000 per child to help families that are growing through adoption.

We will continue investing in our associates.

This week, we <u>announced the expansion of Live Better U</u> – our debt-free, dollar-a-day college program – adding technology degrees and more schools, and support for high school students entering the workforce. As technology changes jobs and the tasks that make up a job, we want our associates to learn and succeed.

Society

Finally, we're helping solve problems for society more broadly. For example, climate change is a big problem, and we're taking a big swing at it.

We launched Project Gigaton in 2017. Our goal is to avoid 1 billion metric tons of emissions from our supply chain. We can't achieve that alone, so we asked our suppliers to partner with us. So far, more than a thousand of them have signed on and in the first two years, they tell us more than 93 million metric tons of emissions have been avoided.

The size of the company enables us to make a difference globally, but all the work really happens locally. I could go on about the work we're doing in communities. But to save time, our numbers tell the story:

We're now powered by 28% renewable energy
We divert 78% of waste from landfills
Through Acres for America, we've conserved 1.4 million acres since 2005
We've hired over 225,000 U.S. veterans since 2013
We are a top 50 DiversityInc company
We donated \$1.4 billion in cash and in-kind gifts last year
We have provided 4 billion meals to those in need since 2014

We want to be a positive force in the world, and we can use the size of our company to do good and influence others.

As you can tell, we don't shy away from problems because we believe they are actually *opportunities*. We embrace them. We grow and change. We adapt.

This week, I got to meet and hear feedback from associates from across the globe. I was reminded that the secret at Walmart is that we're all in this together, generating ideas and working as a team. Our ability to

thrive in the future comes down to our ability to solve problems together.

I know we will.

Countries: United States of America

Languages: English

Primary Identifiers: WMT-US Regions: North America Related Identifiers: WMT-US

Source: http://news.walmart.com/2019/06/07/doug-mcmillon-to-associates-heres-how-walmart-will-thrive **Source List:** http://corporate.walmart.com/newsroom/company-news?ajaxMainObjectId=0000014f-bc24-

d55e-a3ff-fe3603d70000&media=0000014f-bc25-d467-a17f-

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