

Good example of wal- mart china: sustainable operations strategy research paper

[Business](#), [Company](#)



In today's competitive environment, it is important for companies around the world to make changes in their operations to survive. By change, it does not mean that change the outlook of the building or maintain their financial systems, but it is about changing their complete mindset from traditional methods to modern ones. The companies who adopt sustainability strategies will be able to maintain a highly sustainable competitive advantage. Using sustainability at the right time will make the companies reach at the top of the ladder (Willard, 2013).

Sustainability for Wal-Mart

Although Wal-Mart was able to decrease the prices of their products to reach out to the large volume of customers, the increasing criticism and the legal battles were hampering the overall image of the company/store. Considering the performance of their company, Wal-Mart wanted to run their business Sustainability. They came up with the strategy of combining their service concepts with values into innovation and new business strategies. They set new sustainability objectives which included waste reduction, increasing the effectiveness of vehicle fleet and saving energy. Wal-Mart focused on combining their values and service concepts with their new operational strategies which involves the 14 SVNS, and this made the company not only the largest organic seller but also the largest organic cotton buyer. Apart from this, through the combination of their supply chain with ROHS compliance (which comprised of vendors and supplier scored and selected according to their performance) were able to achieve their business Sustainability goals. For example, the company was able to sell out 110 million CFL's successfully after they partnered with GE.

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Sustainability for Wal-Mart China

When it came to Wal-Mart China, they can achieve sustainability through their 5 SVNS.

- First, their strategy should focus on maintaining a sustainable operation and store, which will help Wal-Mart China to reduce their costs and also reduce the footprint of Wal-Mart China's operations.
- Second, the company will be able to develop more sustainable products such as electronic textiles, food and also the product packaging, which will develop their business sustainability, supply chain and also their compliance.
- Third, 5 SVNS will increase the effectiveness of the company's supply chain, which will not only reduce the costs but the footprints from the entire chain.
- Fourth, the company will be able to make good communication with their business partners and stakeholders, which is one of the vital factors for success of any business.
- Fifth, the company can learn and share their experiences from suppliers and vendors and make their sustainable supply chain efficient.
- Sixth, Wal-Mart China used the double sides copy and also employed T5 energy saving light bulbs and was able to reduce the energy waste from their business.
- At last, in terms of acts of business sustainability, the company promoted their product like energy efficient bulb to every customer.

Sustainability for Wal-Mart China's current and potential customers

Wal-Mart China's sustainable logistics centers were able to help the organization to reduce their CO2 emission/year, which amounted to 31 tons. An example of this reduction was achieved through usage of T5 light bulbs, which can save 20-30% energy every day in areas like warehouses and resting homes. Wal-Mart China was able to make use of the solar energy and the wind energy to generate 7, 300 kilowatt hours/year. Apart from this, the company kept on encouraging their customers to make use of reusable shopping bags by offering exciting rewards which include express checkout lines. The company's merchandising group is still working on developing their sustainability continuously; they are constantly measuring the tools for selecting suppliers and evaluating the quantities that are being purchased by the suppliers to increase the supplier's effectiveness in their company. Wal-Mart China is still continuing to create innovative ideas for maintaining sustainability and also developing ideas to make the communication with stakeholders more effectively.

The potential customers will have the option to choose from the wide range of Wal-Mart's sustainability products, which not only will help them to improve the environmental activity and also contribute towards protecting the earth. The potential customers will have to see the positive side of the highly priced sustainability products as they have numerous advantages including long shelf life, long use life, reduced cost of using electronics and non-pollution. According to the case study, we can clearly see that a

customer will be able to reduce 20-30% cost of the electronics by using T5 energy saving light bulbs. These bulbs can save 20-30% of the total energy.

Distinguishing features of Wal-Mart China's distribution system and operations

Some of the distinguishing features of Wal-Mart China's distribution system and operations are as follows:

- The merchandising group was able to approach suppliers to make possible close relationships with the SCs and further improve their performance.
- Suppliers were given the responsibility of delivering the products to their DCs; hence the merchandising group did not include the supply chain group in making any decisions in terms of product delivery.
- Numerous programs were implemented to encourage best practices in the supplier network.
- Wal-Mart's new 43000 square meters Dc's was specifically designed by wholly owned subsidiary known to be next generation sustainable logistics center.
- Wal-Mart China's focused on developing high quality products for their customers and also maintained their commitment towards their business operations strategy. They combined their employee's efficiency with the latest technologies, efficient private truck fleet with their distribution center. The company focused on developing sustainable logistics centers. For this, the DC's of the company made use of T5 light bulbs which helps them to save nearly 20-30% energy/day. The company focused on reducing the wastage of energy by ensuring they have control over the heat recycling system and air conditioning temperature. The company saves 25, 550

kilowatt hours by using ten solar energy water heaters, which are efficient to give 1.7 tons hot water every day. The company also uses wind power station and solar cells to cover up nearly 7,300 kilowatt power/year requirement. Through this the DCs have been able to minimize their CO2 emission. The company outsourced a highly efficient private trucking fleet, which was able to deliver products from DC to DC and also from DC to SC. Through this they were able to maintain a good inventory management and also minimized their out of stock rate. The company used new electronic technology in their logistics management and made their trucking fleet teams more effective. They were able to control their entire transport with the help of GPS and electronic technique of satellites. They used the same electronic techniques to determine the best routes of product delivery and this is the reason why they are considered as the world-class company. The electronic techniques ensured that the company was able to maintain their stocks and also provide effective products to their customers. The company came up with the idea of centralized management of returning the products. The products were easily returnable to the vendors through the Wal-Mart China's distribution system.

Wal-Mart China's distribution system and operations clearly provides a very stable inventory to the company. These systems enable the company to replace the products in DCs and ensure that they have reduced out of stock time. The company has been able to maintain a standardized distribution process through different techniques and methods and making them a highly competitive retail store.

Incorporation of sustainability in the process of selection and evaluation of suppliers/vendors

For any company to achieve successful business sustainability, it is important that the vendors and the company understand the importance of the role they have to play and be accountable for the same. The first step will be to get the sustainability requirements enlisted and then the company should look out for vendors and suppliers who have the required production equipments and techniques to meet the sustainability. It is always important to remember that communication is the vital key to meet the goals of sustainability and an effective collaboration should be present between vendors and the organization. The case study clearly highlights how Wal-Mart adopted the ROHS regulation standard in some of their operations like product and supplier selection operations to meet the ROHS compliance. One of the examples being the association of Wal-Mart with P & G, who are considered as one of the largest international supplier in different parts of the World including the United States of America. P & G have been able to incorporate a sustainability program concept throughout their operation globally and they have named this concept as “ensuring a better quality of life for everyone, now and for generations to come”. This concept is not limited to being a slogan, but it is a commitment of the company towards the customers. One of the other examples of maintaining the sustainability in the vendor selection is the association of Wal-Mart with Blue Moon. It is Chinese national chemical products company which supplies, soaps and cleaners across China. On the similar lines like P & G, even Blue Moon has a sustainability program for their products and they have named it as “

Protecting the environment is protecting all of us. Our products deliver not only cleanliness, but also protection to our customers". According to P2E2 program based on the sustainable objective of Wal-Mart China, the suppliers and vendors will be able to install cost saving equipments in their factory.

Improving sustainability in Wal-Mart's distribution and retail operations

The case study emphasizes on the fact that sustainability is one of the differentiating factors between organization and their performance.

- Using energy efficient lights: Sustainability can be improved by ensuring that Wal-Mart uses T5 energy saving bulbs which have been able to save 20-30% of the current energy costs in their warehouses.
- Reduced wastage of the air conditioning and the heat recycling system: The Company has been able to save further energy by maintaining the low usage and extra wastage of the air conditioning and the heat recycling system.
- Using alternate sources of energy- At present the company uses ten solar energy water heaters, which helps them to save nearly 25, 550 kilowatt hours/year for just producing hot water. The company also uses wind power generators and solar cells for generating 7, 300 kilowatt hour's power/year. As mentioned earlier through these alternate means of energy, the company has been able to reduce nearly 31 tons of carbon dioxide emission/year and also save the cost of electronic.
- Outsourcing the logistics to a third party: Sustainability can be improved by simply outsourcing a standardized trucking fleet. Through this method even Wal-Mart was able to improve the effectiveness of their shipments and also minimized the risk of goods damage.

- Using reusable shopping bags: Just like Wal-Mart, companies can encourage their customers to rely on the reusable shopping bags as they can be recycled for reuse and unlike plastic bad, do not cause any damage to the earth.
- Offering energy efficient bulbs through exciting offers: Wal-Mart came up with this unique idea, that they should be selling two efficient bulbs for the price of one. They also took the responsibility of safe disposal of the fluids from the energy efficient bulbs.
- Battery placement options have been provided by the company to help the customers.
- Reduction in the packaging charges: As mentioned the company implemented a packaging score, which helps them to measure and calculate the effectiveness of the suppliers and helps them to reduce 13% of the overall packaging costs.

Conclusion

Business sustainability is not a concept, but it is a responsible business approach which involves policies considering the environmental as well as human rights. It is about increasing the value of the business by considering environment, humans, the community and even stakeholders. It is not limited to, financial factor, but highlights the efficient use of the available resources for positive impact of the community as well as the environment.

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