

ON JAN. 1, WALMART CHIEF EXECUTIVE OFFICER Doug McMillon began a two-year term as Chairman of the Business Roundtable. That's the US group of influential CEOs that last summer issued a statement calling for public companies to serve not only shareholders but also employees, customers and society at large.

As CEO of the world's largest company by revenue, Mr. McMillon has proven that a broad sense of purpose can be beneficial to shareholders. Since McMillon became Chief Executive Officer in 2014, the value of Walmart stock has soared about 50 percent on steady rises in sales and earnings.

During that same time, Walmart made five consecutive appearances on Fortune magazine's list of companies seeking to improve the world—a feat accomplished by no other company in the world.

Global retailers like Walmart face an extraordinary range of societal issues. Under McMillon, the company has made ambitious commitments to

As CEO of WALMART, he has rewarded shareholders and other stakeholders. Now he brings his sense of purpose to his new role as Chairman of the US BUSINESS ROUNDTABLE.

DOUG McMILLON

Taking the Long View

reduce carbon emissions and landfill waste, and it has focused on improving sustainability product by product. For example, Walmart worked on a laundry detergent that is 30 percent more efficient and 50 percent more effective, without using more water—for the same price as regular detergent. In response to shootings in the US, it has eliminated the sale of some ammunition.

Evidence that shareholders can be well served by serving other constituencies is especially strong in regard to Walmart employees. Recognizing several years ago that Walmart faced serious competition from Amazon and sluggish growth in its US stores, McMillon decided to raise wages and increase benefits, a strategy that worried Wall Street, especially in the absence of instantaneous results.

Five years later, nobody is questioning that move. From a low point in late 2015, Walmart's share price has doubled, as of December of last year. Besides investing billions in wage increases, Walmart has created innovative programs for obtaining debt-free

By HARRY W. CLARK

college degrees, and he called on Congress to increase the minimum wage.

McMillon is only the fourth executive to lead Walmart since founder Sam Walton. After six years in the job he's still only 53.

As Chairman of the Roundtable, McMillon succeeds Jamie Dimon, Chairman and CEO of JPMorgan Chase & Co. In the announcement last September of McMillon's appointment to the Roundtable leadership, Mr. Dimon said, "Doug is a forward-looking leader who understands the importance of a growing and inclusive economy that serves all Americans. At a time when our organization is reaffirming the significance of corporate commitments to workers and communities as a critical piece of creating long-term value, Doug is uniquely



experienced to lead by example and ensure our voice is heard.”

Below, McMillon answers questions from Harry W. Clark, Senior Counselor to Brunswick.

Did the intensity of response to the Roundtable statement surprise you?

We did underestimate the response to the corporate purpose statement and it generated more reaction than we expected, both negative and positive, and that’s good because it’s an important conversation at this time in our country’s history.

While the statement made clear that we must preserve and maintain America’s free market system, we also should look at ways that all stakeholders can benefit from the work of the market.

The statement both confirms what companies like Walmart do when it comes to our commitments to all stakeholders and challenges us to do more. Member companies of Business Roundtable have done a lot when it comes to increasing wages, investing in skills training and providing better access to education. Business Roundtable will be doing more to advocate for solutions to increase opportunity for Americans of all backgrounds.

A common theme among skeptics of the statement seems to be that the interests of different stakeholders will always be inherently at odds. While different stakeholders may have competing concerns in the short term, I believe all stakeholders’ interests are inseparable in the long term.

An obvious example is the environment, and the broad and long-term impact that comes from successful efforts on environmental sustainability.

It’s the objective of creating long-term value that makes for successful companies and more opportunity for all stakeholders.

Do Walmart associates expect you to take a position on societal issues?

Over the past few years, we’ve taken stances on several societal issues. I don’t know if our associates expect us to, but I don’t think they’re surprised when we do.

We have 2.2 million associates all over the world. We’re not just in communities, we’re a big part of them. And our environmental sustainability efforts are really investments in communities and people, and I believe they’re appreciated.

As for gun safety, we already had made some changes in our policy on sales of firearms and ammunition, and we wanted to make sure we still served the sportsmen as we made commonsense changes we felt necessary in a changing world. I

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think most people understand that we’re not trying to make a political statement. We’re just trying to help create a safer environment.

Why has Walmart invested so much in education for associates?

In the end, it’s a win for us and a win for our associates. It’s really encouraging to see the response of our associates to these benefits. For example, through our Live Better U. program, Walmart associates can earn a debt-free college degree for the equivalent of a dollar a day. We introduced the program a year and a half ago, and associates love it. We have 9,000 students in classes now and nearly 18,000 accepted into a program to date. That’s in addition to 1,710 associates who have already completed a program.

We’ve expanded the number of colleges and degrees offered, including tech and healthcare degree options. All told, more than 156,000 associates have submitted interest forms, and I just see this continuing to grow, especially given the high cost of tuition and the enormous time commitment of pursuing a college degree. Live Better U. removes those barriers for our associates. And when they’re done, they’re not saddled with years of student loan debt.

I can’t speak to specifics as to how others may approach this issue, but from conversations with other CEOs, I know this is top of mind and we are proud to have taken a leadership position. Investing in our associates is an investment in the future of our company. Because of technology, jobs are changing fast, and we want a workforce that’s ready to adapt. Even if they decide to pursue a career outside of Walmart, they’ll be ready to contribute.

How do you ensure that Walmart stays on top amid such rapid change?

As a company we’ve been on a journey of transformation and shared value over the past few years, and to be able to adapt and change, it’s important to understand what won’t change.

We’re fortunate at Walmart that our founder Sam Walton provided us with a great purpose and a strong set of values that we believe are timeless. We save people money, so they can live better, and we do so by having respect for the individual, acting with integrity, providing great service to the customer, and striving for excellence. Those are our anchors, our constants.

But other than our purpose and values, everything else is open to change. I believe that’s key to reinvention and growth. ♦