

Wal-Mart: Laptop Buy-Back Program

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Abstract

In an effort to facilitate its business objectives to create zero waste and to sell products that sustain Earth's resources and environment, Wal-Mart has implemented several sustainability strategies (Denend, 2007).

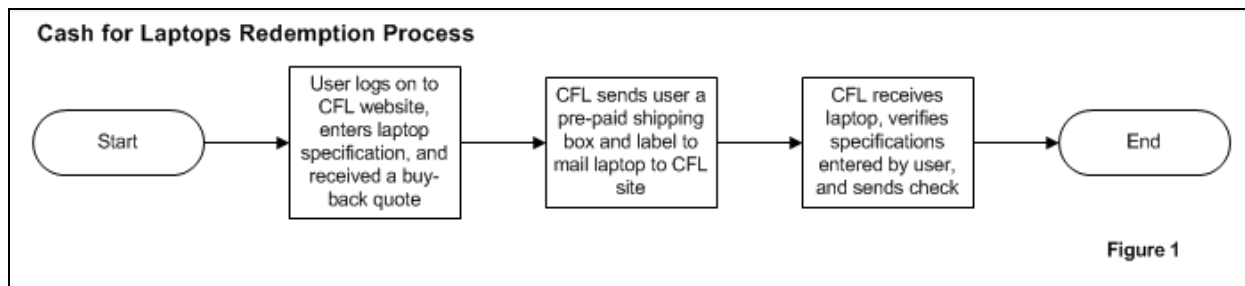
A common and notable theme among Wal-Mart's sustainability strategies is that they have a positive impact on both the environment and the Wal-Mart bottom line. Thus, it is in the best interest of the Wal-Mart organization that it continues to challenge its associates to develop new and innovative sustainability goals that will enable them to realize higher profit yields and meet their sustainability objectives.

Partnering with CashForLaptops.com (CFL) and implementing a laptop buy-back program is one such way to continue that trend of sustainable and profitable success while (1) encouraging sustainable behavior among their customer base, (2) promoting awareness, and (3) demonstrating the organization's level of commitment in modifying their business practices to facilitate environmental preservation.

Proposal

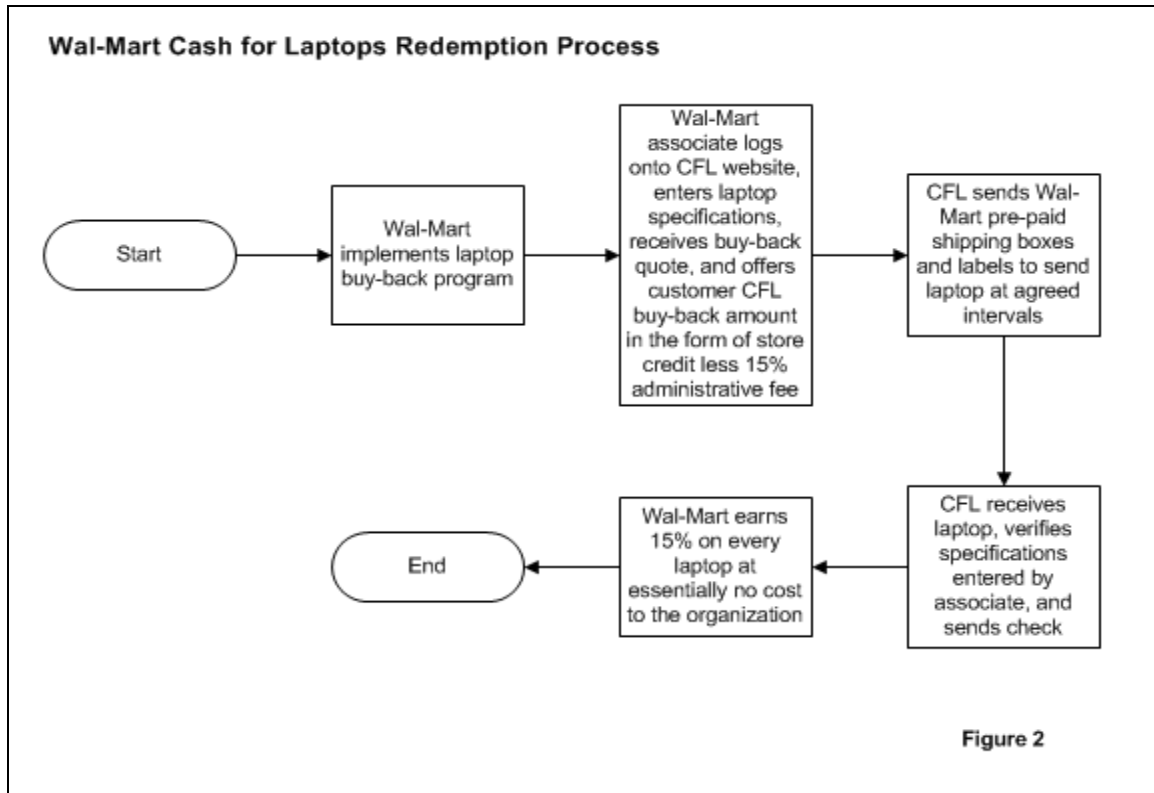
A common and notable theme among Wal-Mart's sustainability strategies is that they have a positive impact on both the environment and the Wal-Mart bottom line. Thus, it is in the best interest of the Wal-Mart organization that it continues to challenge its associates to develop new and innovative sustainability goals that will enable them to realize higher profit yields and meet their sustainability objectives. Partnering with CashForLaptops.com (CFL) and implementing a laptop buy-back program is one such way to continue that trend of sustainable and profitable success.

CashForLaptops.com is located in Reno, Nevada (CashForLaptops, 2010). For close to a decade, CFL has been exchanging cash for used/non-functional laptops among personal users and businesses (CashForLaptops, 2010). The process works as follows (see Figure 1):



To date, CFL has serviced over 20,000 customers and paid an average of \$175 per laptop (Northern Nevada Business Weekly, 2009).

It is proposed that Wal-Mart implement a laptop buy-back partnership program with CFL in an effort to drive sustainability and profit from e-waste recycling. Redemption operations will run as follows (see Figure 2):



Environmental Benefits

Outdated and non-functional laptops can be recycled to prevent hazardous materials from reaching our landfills and lessen the overall impact to our health and environment.

Many laptops are manufactured using hazardous chemicals such as brominated flame retardants (BFRs), lead, and mercury that have been linked to health disorders (Shinder, 2008). For example, BFR's have been linked to attention deficit in children and hypothyroidism (Shinder, 2008). Lead toxicity causes anemia, irreversible neurological damage, cardiovascular effects, gastrointestinal symptoms, and renal disease (Shinder, 2008). Over exposure to mercury can lead to the damage of the central nervous system, liver, and cause impairment of the senses (Shinder, 2008). Humans are exposed to these chemicals via soil (landfills), water (via pollution and soil), and air (via pollution). The Wal-Mart Laptop Buy-Back Program will reduce the volume of e-waste that reaches our landfills and poisons our communities.

Profit Opportunity for Wal-Mart

Developing a buy-back program will enable Wal-Mart to recognize profit savings in three main areas: reselling laptops and parts thereof, partnerships with recyclable companies (like CFL), and increased revenue. Wal-Mart can increase revenue by selling parts as the global demand for plastics, components,

scrap, and refurbished electronics rises (InfoWorld, 2007). Wal-Mart can recognize higher profits by building strategic partnerships with specific recyclable companies like CFL who desire to purchase recycled electronic parts in large quantities. Lastly, by issuing store credit that can be used throughout the store, Wal-Mart will be able to recognize profit savings through an increase in store sales. In addition, buy-back programs may encourage customers to buy new laptops more frequently of which Wal-Mart would benefit.

Greatest Challenge in Implementation

CFL may be a trusted buyer of pre-owned laptops, however the company is small in size (currently 12 associates) (Northern Nevada Business Weekly, 2009). If CFL is unable to handle volume generated by Wal-Mart's large customer base, the success of the program can be undermined – particularly if Wal-Mart issues store credit at a rate that exceeds CFL's ability to reimburse.

Overcoming Implementation Challenge

To overcome this challenge, Wal-Mart will run a rigorous pilot of the buy-back program in Nevada. By localizing the project, it can offset cost while allowing Wal-Mart to derive success. Due to the setbacks that Wal-Mart has experienced in trying to persuade customers to recycle electronics; Wal-Mart will also need to devise an effective advertising strategy to not only encourage clientele to recycle electronics but remind them of the benefits of the buyback program (i.e. environmental benefits and monetary compensation). After a duration of 12 months, Wal-Mart will reevaluate the program, conduct a cost-benefit analysis to determine the success of the program and expand to larger markets if profit expectations are realized.

Conclusion

Offering an incentive for outdated and non-functioning laptops should increase participation in recycling efforts. This in turn will help limit e-waste pollution. In addition, Wal-Mart could be viewed as an innovator in business sustainability among world markets and increase revenue. With any new project, there may be challenges; however, by localizing the project and developing an effective advertising strategy, the buy-back program could be a huge success.

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