



ARLETTE: Hi, I'm Arlette, your host, and welcome to "Give Me an H."

Together we'll explore the culture of The Home Depot through the eyes and experiences of our associates who live it every day.

Let's get started.

The Evolution of Sustainability - Ron Jarvis



ARLETTE: Ron Jarvis is the Vice President of Environmental Innovation and Social Environmental Responsibility.

He is responsible for driving sustainable efforts and operational improvements at The Home Depot.

Ron joined the company in 1995 as a merchant, and has held various positions including Global Product Merchant, Vice President of Merchandising and Senior Vice President of Pro and Tool Rental.

Join me as Ron and I talk about how The Home Depot is leading the way in sustainability and how it truly pays to be green.

Now Ron, you've been here 23 years. Tell me a little bit about how you ended up here.

RON: Well, Arlette, I started out driving a forklift at one of our competitors and working during the summers -- you know, in high school and college.

ARLETTE: Uh-huh.

RON: I ended up moving into merchandising and have been a merchant off and on for 23 years. And then, interestingly, in 2000, The Home Depot had been protested for about 18 months with a total over 600 protests in various stores.

ARLETTE: Oh, wow.

RON: And I was actually called by Pat Farrah, who, at that time, was EVP of Merchandising -- one of the founders of the company.

ARLETTE: Yes, one of our founders.

RON: And he had spoken with Arthur, and they had decided that they probably need a merchant to come up and work on some of the environmental issues since most of the issues that we have around environmental concerns are with the products that we have.

ARLETTE: Sure. And whom better than you?

RON: Uh, at the time.

ARLETTE: [Laughs]

RON: They brought me up in 2000. We addressed that issue, and since then, I've had various roles inside of Home Depot. But the environmental side, sustainability side has always been coupled with me. It's basically, everything I've done since 2000. So, it's going on 18 years now...

ARLETTE: Wow.

RON: ...of working on sustainability for the company.

ARLETTE: That's some pretty deep experience. So, let's talk sustainability, environmental responsibility and The Home Depot's approach to it.

It seems like every company right now is claiming that their initiatives are addressing their impacts. Can you explain our approach and why it's different?

RON: Oh, our approach is very different. And the way I look at sustainability, we approach sustainability just like we approach customer service - with a passion.

ARLETTE: Yes.

RON: People come to us, whether they're environmental groups or schools, colleges, communities with an environmental concern. When they do, regardless of who they are, we address that head-on, and we do deep dives into those issues.

We make sure that we understand what their concerns are, how they affect us. Then for the merchants, where a lot of issues end up, we take a package to the merchants, and we say, "Here was the concern, here's what the industry is saying, here's what your core suppliers are saying they can or cannot do. Here's what science is telling us we should do."

And at that point, we either make moves or we call the stakeholder back in and say, "Look at what we've learned. We found out some things you may or may not have known. And this is the stance that we're going to take."

ARLETTE: So, now, speaking of merchants and suppliers, I imagine a lot has changed over the last 10 years.

RON: Well, it's interesting when we look at the evolution of sustainability in the industry, in the world and inside of Home Depot for the past 10 years. Ten years ago, we rolled out the Eco Options Program.

ARLETTE: Yes.

RON: 2007 was the first year, so we were just getting into it. In 2008, it was a program that identified products that have less of an impact on the environment than standard products.

ARLETTE: Mm-hmm.

RON: Now, most of the nuances behind that were certification, labels, green labeling. The problem with that is when you walk into a store in 2008, 2010, 2012, you'd be looking for the green-label products, and it would be maybe 5%, 8% of the total.

So walking in a store one day, it was interesting because I was actually walking with an environmental reporter in Chicago, and we were looking at toilets. There were probably 15 toilets down the line. I took him to this one toilet, and I said, "This is a high-efficiency, low-flow toilet."

ARLETTE: Yeah.

RON: "It only uses X amount of gallons when you flush it." And he stood there and said, "Oh, yeah. That's great." And he said, "But what about the rest of these toilets." And I said, "Well, they're not this."

ARLETTE: Mm-hmm.

RON: And he said, "Ron. You're Home Depot. Why aren't they that way?" And so, we said instead of going after certification and green products, we're going to look at the whole store.

As I started walking with merchants, we would say, "All right, here's what we're going to do. Stop buying green products. Just stop." And the merchants would look at us and go, "So, what do we do?"

And I said, "Okay, now let's go green with the products that we buy." All of a sudden, the net that we cast, instead of being over 5% to 8% of the products, was 100%. That's the big different between 10 years ago and today.

ARLETTE: Some of the products and initiatives that you and the team have brought about have been amazing. Give me a couple that stand out for you that are the perfect intersection of doing the right thing and increasing sales, saving money and operational efficiency.

RON: Doing the right thing for the company and doing the right thing for the world has to be together, and they have to be coupled.

The things that we've been working on for the past couple years that we are so proud of are removing and eliminating chemicals from certain categories. That being carpet, paint, insulation, cleaning chemicals, vinyl flooring.

A lot of product categories that we weren't getting protested -- the industry wasn't heading that direction, but we looked at it -- and talking to some environmental scientists. They said, "Hey, if you can, we think these are chemicals that should be removed because they're chemicals of concern, and they may be showing signs of endocrine interrupters or something else that may affect human health." And they said, "They're still approved and meet all the standards, but if you could take them out, you should."

So, we started to work with the industry, and we've taken out a ton of those chemicals. And so we're very pleased with that. We've always said that Home Depot is in a very, very sweet spot to affect the world and also to affect our consumers, in particular.

ARLETTE: Mm-hmm.

RON: When you look at just 2017 alone, Arlette, we saved customers a billion dollars in energy costs.

ARLETTE: Wow.

RON: We save customers \$600 million in water costs. So that's just by them selecting the correct products when they come into a Home Depot store. That's our merchants looking at assortments and saying, "I'm going to bring this product in because it uses less energy or uses less water than the standard product."

Now, the other impact to that is from the energy savings that we had in 2017. We reduced carbon emissions in the U.S. by 6 million metric tons.

ARLETTE: Metric tons?

RON: Six million metric tons. So if you think of that, if congress decided someday, "Hey, let's put together a stimulus package that's good for the environment, we'll get back \$1.6 billion to consumers and reduce carbon emissions by 6 million metric tons."

First of all, it costs a gazillion dollars to do it.

ARLETTE: Sure.

RON: We could never get it passed. What Home Depot's been able to do to affect consumers and affect the environment just by putting the right products on our shelves is phenomenal.

ARLETTE: Now, you and your team work with a lot of nonprofit organizations. How do you manage their expectations relative to what's realistic and what is possible from an operational and cost perspective?

RON: Well, Arlette, we think most environmental groups are reputable, direct, passionate individuals, just trying to reduce or eliminate harmful habits that society has developed.

And for us, whether it's Greenpeace or Ten Friends that have a website and a cause, we treat them all the same. We bring them in. We find out from them what their concerns are.

Case in point, just a couple years ago, I got a call from one of our California stores. And they said, "There are some people in front of our store with protest signs." And I said, "Okay. Let's go see what it is and see what their concerns are."

And their concerns were that one of our lumber manufacturers has locations in California and also harvest wood in California. This group was saying that the lumber company that we buy from was doing a lot of things wrong, and that they had clear-cuts - that they had too much pesticides, too much herbicides.

They were damaging Northern California forests, and I talked to our supplier and said, "Okay, what are you hearing?" And the messages were completely different. I grabbed Mike Sutkus, who is one of our lumber merchants, and I said, "We're flying out there." So, we flew out there.

We got the environmental group, and we had the manufacturer sit down in a Holiday Inn in a little place called Chester, California. And for about six hours, we went back and forth on what the issues were.

Then, in the afternoon, we hopped in pickup trucks and went out into the forest. So, we went stump by stump, looking at the different areas, looking at how close they were getting to the creeks, how far they were from the roads. And at the end of the day, the NGOs, the environmental groups said, "We thought you guys were doing something that you're not. We're actually pleased with what you do and how you do it."

So environmental groups, they're just like the rest of us. They're just trying to do the right thing. I have most of the major environmental group leaders on speed dial, and they have me on speed dial.

ARLETTE: So that's a good relationship.

RON: Yes, it is.

ARLETTE: Definitely a partnership.

RON: It is.

ARLETTE: Now, you've talked about how important it is for companies to identify their biggest environmental impact and to focus on it, but - of course - our job as a company is certainly to provide excellent customer service.

So, what advice would you give to customers when they're thinking about making some changes in order to get the most bang for their buck from an environmental perspective?

RON: We look at what the homeowner, what the customer is actually looking for, and we do have customers that come in, saying, "I just want to save money. Either on my monthly utility bills for water or for energy. How do I do that?"

And then we have others that come in and say, "I'm really after a healthy home. So if I'm going to spend \$500, what would you have me do to make my home healthier than it is?" And others say, "I want to save the world, so tell me: what's the best thing to do to buy at Home Depot to save the world?"

So we break it down into those categories, and when a customer comes in looking to save money, the first thing we ask is, "Have you switched all of your light bulbs?" Because that cost can be anywhere from \$50 to \$110 to do your whole house. Now, the great thing is, when you're switching out of incandescents, you save about \$125 a year.

So, your payback is, in most cases, less than a year. And then after that, every year you save \$125. The other categories are programmable thermostats, ceiling fans -- and then the big one a lot of people overlook is to seal and insulate.

Because 40% of your energy bill is heating and cooling. So, if you look at the biggest impacts, that's where it lies; is making sure that you have an efficient system.

ARLETTE: Certainly, you have talked about how important our values are in terms of making this a special place to work. So, tell me about your favorite day at The Home Depot.

What's the day where you said, "That's why I love it here?"

RON: I'm the recipient of an email address called ecoptions@homedepot.com. When a customer goes in, and they're looking to either vent or to praise, a lot of times they end up on that email address. And they are very open to say what they think. We get some negative. We get a lot of positive.

And when I see something that's positive, I know that the formula for Home Depot and The Home Depot culture works. For someone to sit there and say I'm going to take time out of my precious day and say, "I am glad to hear you are taking neonics out of live goods," or that, "You've taken Ortho-phthalates out of vinyl flooring" or, "You've set a new policy that's working on improving the forestry around the Amazon basin."

For them to take the time and send that - good things have had to happen in the past for their Home Depot experience. So when I get that email, I know that the formula works. That the secret sauce is there, and that somewhere in the hometown of whoever sent this email, there are people in orange aprons standing in the aisle, carrying the torch and living the culture.

ARLETTE: Thank you, Ron.

And thank you for listening.

This is Arlette signing off.

I hope you'll join us next time for another episode of "Give Me an H."