

Why Sustainability Matters to the Produce Supply Chain

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Why? Five Game Changers

1. Sustainability as Strategy in the Market
2. Disruptive Business Models Part I: Clash of the Titans
3. Disruptive Business Models Part II: Queen/King Consumer
4. Food Safety and Traceability as Technology Drivers
5. Measuring What Matters: Sustainability Metrics

What do these Companies have in Common?



Market Captains: Sustainability as Strategy

Company	Annual Sales (Billions)	Sustainability Initiative	Report
Walmart	258.5	YES	2009
Kroger	77.2	YES	2009
Costco	72.5	YES	2009
Safeway	44.8	YES	2009
PepsiCo	43.3	YES	2008
Kraft Foods	42.9	YES	2009
SYSCO	37.5	YES	2009
McDonalds	23.5	YES	2009
US Foodservice	20.2	YES	Online
ConAgra Foods	13.8	YES	2009
General Mills	13.6	YES	2009
Yum Brands	11.3	YES	2008
Starbucks	10.3	YES	2009
Compass Group	9.0	YES	2008
Aramark	8.9	YES	Online
Sodexo	7.7	YES	2009

Reports: Sustainability as Strategy

- Comprehensive
 - Economic, Environmental and Social
- Detailed
 - Jobs, Energy, Waste, GHG Emissions, Water, Employees, Suppliers, etc.
- Goal Oriented
 - Reduce X by 201X, Increase X by 201X
- Increasingly Data Driven
 - Performance, accountability, transparency

Reporting on Clear Financial Benefits



519,637 tons
OF MATERIAL DIVERTED FROM LANDFILLS

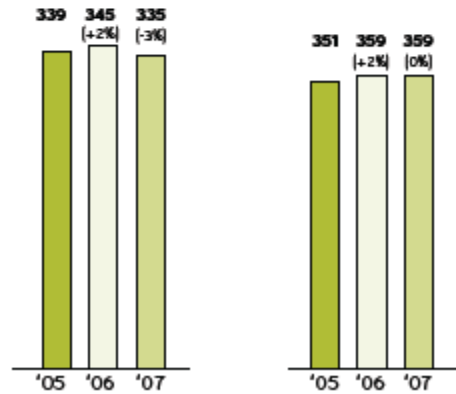


18 solar projects
COMPLETED OVER THE LAST TWO YEARS

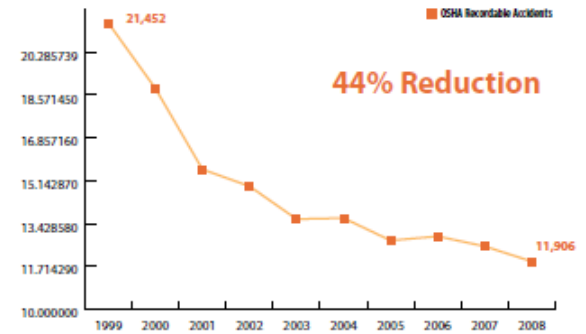


69,000 gallons
OF GASOLINE CONSERVED THROUGH AN
INNOVATIVE PACKAGING INITIATIVE

Electricity – U.S. kWh/Restaurant/Year (‘000s)*



Total Combined OSHA Recordable Accidents Stores, Offices, Manufacturing, Distribution Centers 1999–2008



This graph shows all OSHA reportable employee accidents across the organization.

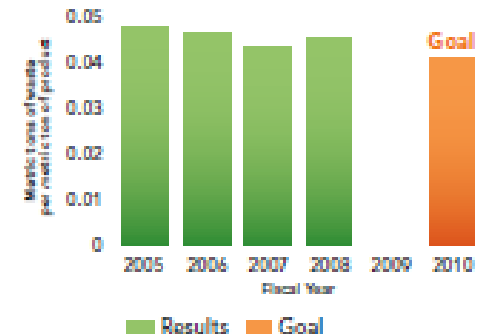
WATER EFFICIENCY IMPROVEMENT

in %



as compared to 2006 base year

Solid waste generation rate



Sustainability as Strategy!

Sustainability continues to make Walmart a better company by reducing waste, lowering costs, driving innovation, increasing productivity and helping us fulfill our mission of saving people money so they can live better.

Mike Duke, President and CEO, Walmart
April 19, 2010

Sustainability as Strategy!

“Everybody is working on ways to become more efficient. Turning tractors to cleaner burning fuels, getting better mileage on trucks, putting in solar systems on buildings and coolers, and irrigation systems that ...use less water.”

Atomic Torosian, Crown Jewels Marketing & Distribution LLC
April 19, 2010, The Packer

Why it Matters

Consumer

Retailer & Foodservice

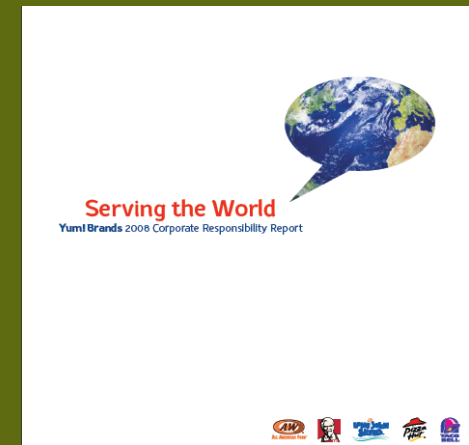
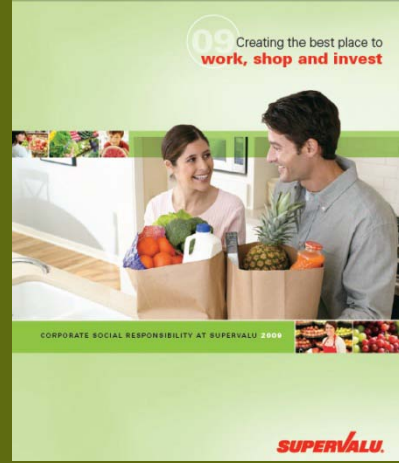
Distributor

Packer/Shipper/Processor

Producer

“If we can do it,
you can too!”

Understand your Customers & Competitors

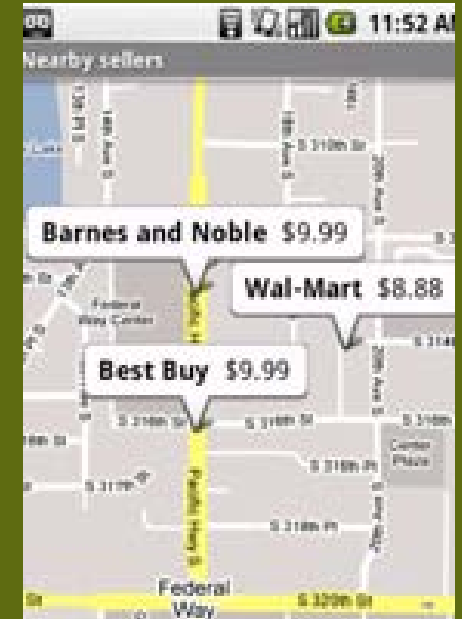


2. Clash of the Titans

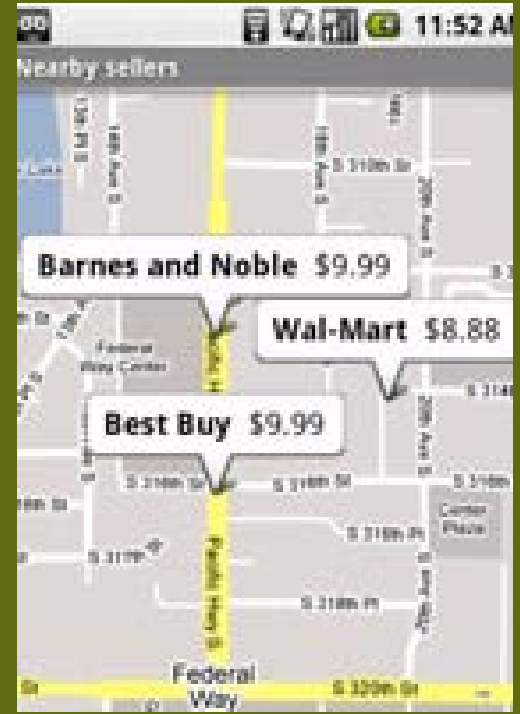


Who Knows Most about What Customers Want?

2. Clash of the Titans




3. Queen/King Consumer




\$6 **Buy!**

Value	Discount	You Save
\$15	60%	\$9

 Buy it for a friend!

Time Left To Buy
2 hours
1 minute
18 seconds

565 bought

 **The deal is on!**
 Tipped at 7:26AM with 40 bought



The Fine Print

Expires 10/23/2010
 Limit 1 per table, 2 for tables of 4 or more. Dine-in only. Not valid towards products. Tax and gratuity not included. Not valid with other

Highlights

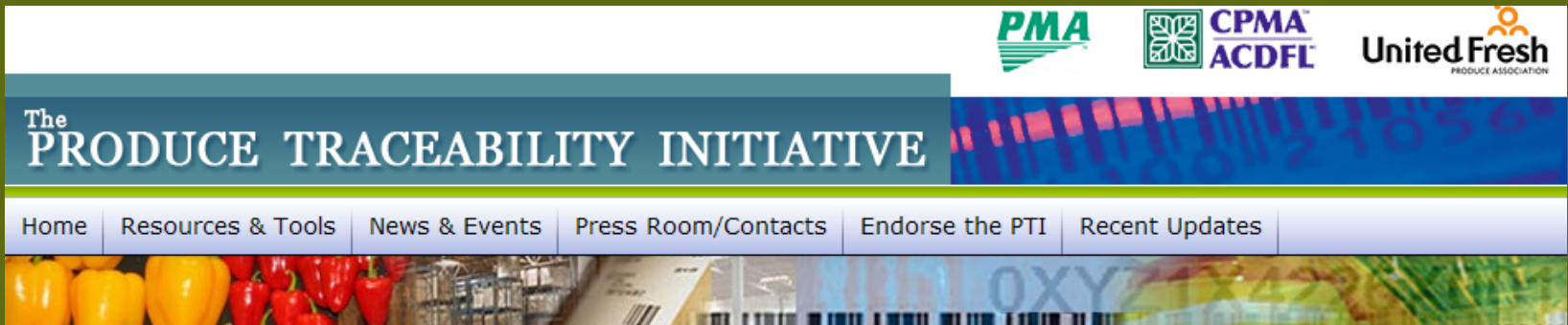
- Best New Restaurant 2010
- Double up for a Groupon party
- Carlito's Special Lager on tap



What Does all this have to do with Sustainability?

- Market Captains will seek deeper ways to connect to consumers – sustainability information will be one more way to connect
- Consumers will have more options than ever to express their demand, search, compare, and buy – sustainability will be an important attribute in this equation

4. Food Safety and Traceability as Technology Drivers



4. Food Safety and Traceability as Technology Drivers



- Food Safety Demo Center
- Traceability and Logistics Demo Center



Who, What, Where and...



If the Sustainability & Technology Trends Continue



Then ,Who,What,Where and...Sustainability

Sustainability Information

Retailer & Foodservice

Distributor

Packer/Shipper/Processor

Producer



That includes the first mile

Smart People Make Big Mistakes



- Founded in 1999
- \$4 Billion Invested
- Bankrupt in 2001

Note: Amazon.com resurrected the assets in 2009

5. What Sustainability Information?

- Measuring what Matters: Sustainability Metrics
 - Addressed in next session

Why Sustainability Matters to the Produce Supply Chain

- Efficiency
- Productivity
- Recruitment
- Risk Management
- Customers
- Innovation

Thank you!

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