



Upfront Thoughts!

- Sustainability Best Practices (SBPs) have grown across the “triple bottom line” (TBL) from compliance, to creating short term efficiencies (transitional), now to a period of growth and innovation that will drive long term effectiveness and value creation (transformational). Capturing sustainability value is hard work!- No silver bullet!
- Sustainability has been and will continue to be a journey of continuous improvement- like a kaizen process!
- Before you start your sustainability journey, conduct a good sustainability assessment or audit such as with Sustainability Assessment of Food and Agriculture (SAFA) guidelines [good governance, environmental integrity, economic resilience, and social well-being]. Measure what matters!
- Best place to implement SBPs is across the supply chain (ingredient suppliers, farmers, producers, processors, transportation and logistics, distributors, food stores and outlets) for alignment and impact
- Business mindset has changed! The way of thinking has moved from do less harm, to do no harm, now to being regenerative and creating positive sustainability value and impact across all areas of the TBL

Where is the Food and Beverage Industry Today?

- Faced with many sustainability related economies and their impact e.g. green, circular, low carbon, net zero, inclusive, blue, equitable, regenerative, and the list goes on. Can be a distraction but the TBL sustainability of economic, social, and environmental performance is foundational across all these economies.
- Has a highly complex supply chain with related issues and concerns. “Across industries a 10% cost reduction in supply chain efficiency produces a greater return with less effort than a 10% increase in sales”
- Has had a focus on environmental sustainability. The industry now on a pathway and journey of sustainability leadership
- Can learn a lot from industry leaders and stakeholders through case studies : Nestle (sustainability investment); Coca Cola (water); Cargill (ESG) as examples

Variety of Sustainability Best Practices to Use!

- Sustainability processes e.g. Life Cycle Analysis (LCA); Design for the Environment (DfE); Cradle to Cradle (product development) and others
- Sustainability assessments e.g. SAFA guidelines; Institute Food System and Technology (IFST) sustainability framework and others
- Sustainability standards e.g. Sustainability Accounting Standards Board (SASB) guidelines; Sustainable Food Trust true cost accounting and total cost of ownership and others
- Sustainability certifications e.g. ISO 14001 (manufacturing); ISO 22000 (food safety); Leadership in Energy and Environmental Design (LEED) buildings; Energy Star (energy efficiency) and others
- Sustainability reporting e.g. Environmental Social Governance (ESG) guidelines; Global Reporting Initiative (GRI) framework and others

The Recipe for Making Money with Sustainability!

- Decrease or minimize
 - Consumption of raw materials and resources e.g. land, energy, and water use
 - “Footprints” e.g. environmental, energy, water, carbon etc.
 - Risks and liabilities such as environmental, supply chain, product and technology, litigation, physical, reputational, compliance, social, strategic, financial etc. Higher risks can cost money including insurance, cost of capital, consumer backlash, health and safety, workforce consistency, logistics, community engagement– these costs can be quantified through total cost accounting
 - Waste- use EPA Food Waste hierarchy to reduce overall waste and improve waste management strategies

- Lessen or avoid
 - Tangible and intangible hidden costs such as regulatory, upfront, conventional, back-end, contingent, relationship costs etc. e.g. “downtime;” public relations; late payments
- Improve or enhance
 - Brand image by building the value of customer trust and engaging with the community
 - TBL sustainability performance through annual reporting to all stakeholders
 - Targeted sustainability performance by developing environmental, social, and sustainability ROIs
- Shift or transfer
 - Cost structures through total cost accounting and true cost of ownership
 - Capture operational efficiencies and reinvest sustainability cost savings as a way to sustain sustainability
- Create or innovate
 - Utilize new sustainability processes and standards that generate cost savings and raise the bar- the importance of systems thinking and life cycle analysis (LCA)
 - Develop substitute products e.g. single serve products i.e. single serve dessert mixes, King Arthur Baking
 - Introduce a new product with sustainability standards and certifications: e.g. vegan, gluten free, fair trade with no hints of “greenwashing” or “goodwashing”
 - Fragment a market e.g. 101 Pringle flavors worldwide and 34 in America.
 - Define and enter a food market segment based on geographic, demographic, lifestyle criteria e.g. local craft brewing i.e. beer, sodas

The Secret Sauce for Creating Sustainability Value

- Establish sustainability targets, implement appropriate incentives, and monitor performance on a regular basis with SBPs to enhance productivity, profitability, and growth. Communicate status and results with stakeholders!
- Get ahead of the sustainability curve and raise the bar!- waiting for compliance may cost you more overall
- Determine all the tangible and intangible assets that you own. Asset management is critical for risk mitigation as well as for pursuing future growth opportunities
- Establish data driven sustainability baseline information and use the best sustainability KPIs for your business to qualify and quantify performance- the importance of economic impact as a key metric across all sectors
- Create positive sustainability change and impact by forming trustful working relationships that fill resource gaps and produce shared and collective value as companies seek authenticity, accountability, and approval
- Employ the many sources of sustainable capital besides financial capital such as manufactured, natural, human, social, relationship, advocacy, intellectual, cultural, community, stakeholder sources of capital etc.
- Determine the true cost of ownership and total costs on a risk adjusted basis.
- Pursue strategic food industry opportunities e.g. land management, agricultural production, alternative raw materials, food waste reduction, regenerative farming; resiliency; sustainable agricultural processes and equipment; circular economy. Provide input to the 2023 Farm Bill (National Sustainable Agriculture Coalition)
- Develop a strategic sustainability plan across all business operations to align, integrate, embed, empower, and share sustainability best practices to achieve full sustainability value and impact
- Consider transforming your business model to one of being purpose built on culture, heritage, values, authenticity, and the purpose of your business. e.g. King Arthur Baking Company, Grupo Bimbo where purpose drives sustainability. Purpose built companies build on their competencies and not their capabilities!

Enjoy your sustainability and purpose built journey!

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Sources: Varied