Sustainable Food Trade Association

Implementing Sustainability
A Case Study
The Sustainable Food Trade Association is a non-profit trade association that represents North American organic food companies. Our membership is comprised of a diverse mix of organic producers, processors, manufacturers, distributors and retailers. We support our members in implementing innovative sustainable business practices across the supply chain, from farm to retail.

**Mission**
Build the capacity of the organic food trade to transition to sustainable business models.

**Vision**
Our vision is to conduct our businesses in a way that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. We recognize that ecology; human communities and economy are interwoven into a seamless net of causes and effects. Therefore we embrace the challenge to move our operations and actions toward sustainable models where the management of resources, the direction of investments, the orientation of development, and the evolution of the organic food trade becomes consistent with the principles of sustainability.

We agree to strive for continuous improvement and to practice transparency in annually auditing our organizations in the following areas:

- Organic
- Distribution
- Energy
- Climate Change
- Water
- Waste
- Packaging
- Labor
- Animal Care
- Education
- Governance

As growers, processors, handlers, brokers, certifiers and retailers in the organic food trade, members of SFTA are deeply concerned about the unprecedented scale and speed of environmental pollution and degradation, climate change, and depletion of natural and human resources that our business practices may cause. We believe urgent actions are needed to address these fundamental problems and reverse these trends. It is for this reason that SFTA presents case studies of our members to share their practices to the wider industry.
Annie’s, Inc. drives sustainability in its supply chain through engagement

Annie’s at a Glance

Annie’s is a natural and organic food company based in Berkeley, CA. Annie’s is a widely recognized brand, offering consumers great tasting packaged foods without artificial flavors, synthetic colors or preservatives. Annie Withey co-founded Annie’s Homegrown, Inc. with Andrew Martin in 1989 with the goal of giving families healthy and delicious macaroni and cheese and to demonstrate that a successful business can also be socially responsible. More than 20 years after the company's founding, the original values still guide the mission-driven business. Today, the company offers over 135 products in more than 26,500 retail locations in the United States and Canada.

Measuring the supply chain impact

In July 2009, Annie’s became a member of the Sustainable Food Trade Association (SFTA). At this time Annie’s signed the “Declaration of Sustainability,” a pledge committing to continuous improvement and transparency as well as annual reporting on the company’s environmental and social impacts.

From its inception, Annie’s has embraced the values of sustainability. However, in 2009 the organic industry was changing, and values-based businesses began identifying the need to formalize these values into a comprehensive strategy. In 2010, Annie’s saw this opportunity to bring on the company’s first Director of Sustainability who quickly identified that the major environmental and social impacts of operations were not at the corporate office, but rather, throughout its supply chain. As such, Annie’s began to delve deeper on its ingredients - how they were grown and where they were sourced. In order to get this information, Annie’s developed a strategy for engaging suppliers.
Annie’s Director of Sustainability, Shauna Sadowski, says “we have to strike a balance between where we can make the greatest impact and what we have control over.” For Annie’s, developing strong partnerships with manufacturing facilities – had always been a priority in order to ensure the highest quality products. This partnership paved the way for the sustainability team to collect social and environmental data and create a supplier engagement program.

Annie’s engages with its supply chain through three distinct areas: 1. Farmers and ingredients suppliers 2. Packaging suppliers, and 3. Manufacturing, Distribution Center and Re-packers. Each area has specific programs in place to improve sustainability performance. The team decided to seek quantitative data from the suppliers in group 3 (and most recently, group 2) as a way to further engage with them on facility performance.

The first question for Annie’s was, “what do we want to know about our manufacturing supply chain when it comes to environmental and social impacts?” Guided by SFTA’s declaration of sustainability and the company’s own focus around food, planet and people, Annie’s developed a simple but comprehensive survey and drafted 15 “yes/no” questions with the opportunity for additional comments. Within this first survey, the company identified Energy as the first metric on which to collect data; this aligned with the company’s long-standing focus on climate change. This short survey included a set of qualitative questions like, “Do you track your energy use?” or “Do you offer benefits to employees (above and beyond legal requirements) that contribute to overall health and well-being?”

The survey was designed to ensure a high response rate, which in subsequent years would lead to better relationships and more consistent data. However, it was not the survey alone that created a high response rate; it was Annie’s history of building enduring relationships with suppliers. “We got an 80% response rate out of the gate”, says Sadowski, “And that truly was because of the work our operations team has done since the inception of the company.”

The operations department identifies supplier partners to make Annie’s products and packaging; it’s important these suppliers understand the brand and values. The sustainability department adds another dimension to the relationship by engaging and learning about the sustainability impacts of the supplier.

It is a recent trend for companies to ask for additional information from suppliers. Some of the information might previously been considered confidential. To build trust, Annie’s began utilizing their annual supplier meeting to have face-to-face conversations about their sustainability strategy and desire to measure key supply chain metrics. From these meetings, suppliers learn what is most important to Annie’s from a sustainability perspective, and thus where they should be focusing their efforts in order to be aligned with Annie’s mission and goals.
In 2012, Annie’s reached out to suppliers again, this time asking for more quantitative data on energy and waste, rather than the simple “yes/no” answers as they did in the previous survey. This helped Annie’s start to develop a system by which to fairly compare sustainability practice outcomes of suppliers, using data as the underlying criteria. Getting the data was not about criticizing suppliers, but identifying areas of best practices and introducing operational efficiencies to the entire supply chain.

How the survey evolved.

From the baseline assessment in 2010, followed by an expanded quantitative data collection in 2012, Annie’s felt that they had a solid understanding of their supplier’s practices. In fact in 2012, scorecards were shared with suppliers to show performance. Additionally, Annie’s wanted to ensure that suppliers were also clear in how they could continue to improve their practices.

When the first assessment was developed, Annie’s relied on email outreach and an Excel file to collect responses for analysis. This methodology quickly became cumbersome when Annie’s moved toward more quantitative data collection. Thus, they began using an on-line platform that could input annual data from suppliers directly.

However, even this on-line platform proved challenging due to its limited capabilities. So Annie’s sought another system for collecting data from suppliers. After thorough due diligence to identify a platform that would meet Annie’s needs, they chose to work with a vendor whose system would allow for monthly data collection across many different types of metrics. The new system also provided immediate feedback to suppliers through trend analysis and variance information.

While Annie’s was pleased with this improved tracking system, there was still a need to give suppliers direction on how to improve practices on areas deemed important to Annie’s. Thus, they created a complementary, qualitative survey tool that asked suppliers 16 questions across 6 category areas (GHG emissions, energy, water use, priority chemicals, waste and organizational commitment). This multiple-choice survey was intended to be simple, but also quantifiable so that suppliers could receive progress scores. Furthermore, it allows suppliers to reference the quantitative tool in the event they had tracking data to share. More importantly, it provides context to the numbers that the suppliers are inputting into the other tracking system.

Between the two tools, Annie’s now has a clear understanding of how its suppliers are performing and where they have opportunity to improve.
Gathering data from one’s supply chain takes resources and time from both the brand and the supplier. The process needs to be thorough to be beneficial to both parties. While you cannot manage what you do not measure, you do not want to ask questions of suppliers that are not essential.

After the second year of gathering data from suppliers, Annie’s had enough quantitative information to provide comparisons between suppliers. This sparked an idea from Annie’s CFO who suggested that they reward those suppliers who are leading in green practices in the categories where data was being tracked.

This idea spawned the inception of the Green Bernie Award. Bernie the bunny is Annie’s mascot. Bernie was the pet rabbit of founder Annie Withey, and has famously been featured on Annie’s products from the inception.

The first year’s award was given to one of Annie’s suppliers who assembles many of Annie’s products into finished goods. Their responses to the 2012 supplier scorecard indicated decreases in both energy use and greenhouse gas emissions, and a rate of 69% of waste diverted from landfill, indicative of good management practices across the facility, and an attention to detail when it comes to efficient resource use.

The 2013 Bernie Award went to a manufacturing supplier who makes Annie’s dressings. Two years ago, this supplier installed solar panels on their roof and they now provide 35% of their energy. They have a strong sustainability program including dedicated staff and policies to support their waste and energy initiatives. The award itself is made from recycled Annie’s dressing bottles (~6 bottles) and shaped like Bernie.
How asking the questions can shift a supply chain.

The positive results of Annie’s supplier engagement program were more rewarding than originally anticipated. By asking specific sustainability questions of their suppliers, Annie’s was able to get a better understanding of the impacts, challenges and opportunities for the company and its supply chain partners.

Annie’s had a strong interest in fully understanding the impacts of their operations, but because of their business model had to ask questions of suppliers to begin to know the entire story. Suppliers proved to be open and willing partners, but needed time to capture information. The initial qualitative questions in the first survey opened a dialogue between the company and its suppliers.

Ultimately, the increased trust and engagement with suppliers has created multiple benefits that go beyond simple fact-finding and storytelling and into the possible benefits of best practices being shared throughout the supply chain. At the 2013 supplier summit when the award was handed out, Annie’s had the top 5 suppliers share their best practices sustainability stories. One supplier talked about their zero waste commitments (with an 85% waste diversion achievement) while another shared his company’s story on avoiding any and all chemicals to clean and sanitize the manufacturing facility.

These stories not only inspire other suppliers to seek improvements, but showcase leaders who are making a difference. Annie’s believes that their suppliers know their businesses best and will be the first to identify where they can improve. The role Annie’s fulfill is telling suppliers what is important to them – and why, as well as offering to serve as a resource.

2013 marks the third year of Annie’s Manufacturing Supplier Engagement Program. This year’s qualitative and quantitative surveys utilized new platforms not only to better facilitate the survey but to increase overall tracking and analysis of data received. “This is exciting progress for the program”, says Annie’s Sustainability Analyst Molly Janis whose job is to track and measure Annie’s progress on sustainability. She utilizes reports from the supplier sustainability platforms both to understand the impact of their product decisions, and to share with suppliers where best practices and opportunities lie in their operations.

Sustainability is not only about data but also relationships and doing business better. The supplier engagement program leads to useful insights that tell the sustainability story for suppliers and Annie’s. The continued sharing of best practices with suppliers will drive more change, beyond just Annie’s.
Implementing Sustainability is a series of case studies intended to provide practical examples of how SFTA Members execute on the SFTA declaration areas. By highlighting the work of companies with strong systems in place, we hope to encourage wider adoption of sustainability practices and encourage transitioning companies towards sustainable business models.

For more information, visit:  
http://sustainablefoodtrade.org/case-studies