



CASE STUDY: REDUCING FOOD WASTE THROUGH SUPPLIER ENGAGEMENT



Featuring:



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THE CLIMATE POTENTIAL OF FOOD WASTE REDUCTION

A third of all food produced globally goes to waste, accounting for 4.4 gigatonnes of GHG emissions. If food waste were its own country, it would rank third-highest in emissions of all the countries on Earth!¹

Food waste emissions are created through the process of growing, harvesting, processing, packaging, transporting, and refrigerating food, then transporting it again to its final resting place—the landfill—where it rots, creating more GHG emissions. Food waste also represents a tremendous waste of resources including water, cropland, fuel, fertilizer and human labor, making it not only terrible for the environment but also a significant financial loss for brands, retailers and consumers!

Situated between producers, distributors and consumers, retailers have a unique potential to impact emissions both upstream and down, by working with all of these parties to minimize food loss and waste. [BriarPatch Food Co-op](#), a community-owned business in Grass Valley, California, has pioneered a successful effort to minimize waste at the source by working with local producers.

THE BRIARPATCH CO-OP APPROACH

Early on, BriarPatch realized the potential for food waste reduction to mitigate climate change impacts. Over ten years (2007-2017) of rapid growth (from \$6 million to \$32 million in annual revenue), the co-op aggressively mitigated the potential for food waste at the source—its farm suppliers—by coordinating annual production projections and inventory planning.

Bolstered by a concurrent consumer education campaign, their supply chain collaboration efforts increased financial security for supplier farms and boosted regional food security. Over a ten-year period, they've seen impressive results, detailed below.

IMPACTS:

- ✓ *Reduced Produce Loss:* Higher quality and reduction of oversupply have allowed BriarPatch to decrease produce loss by over 50%!
- ✓ *Increased Number of Suppliers:* The increased variety of products grown under the coordinated production schedule, along with increased store sales, have enabled BriarPatch to expand its supplier base from 15 to 45. Producers can now focus on specific crops, increasing efficiencies and allowing room for other producers to begin to specialize in different crops.
- ✓ *Increased Farm Revenue:* Farms in BriarPatch's program have reported an average of over 100% increase in revenue.

¹ <https://www.wri.org/blog/2015/12/whats-food-loss-and-waste-got-do-climate-change-lot-actually>

PROJECT OVERVIEW

In spite of strong overall growth and sales, BriarPatch was experiencing a loss of between 5-7% of the product in its produce department; produce was spoiling prior to sale given an excessive supply of various produce varieties. These excesses would occur when, bound by contractual terms, BriarPatch was obligated to take a specific volume of crops from its suppliers, even if they already had that product in stock.

Farm suppliers were also facing economic and food waste pressure on other fronts. Farmers were primarily focused on production plans that would support their Community Supported Agriculture (CSA) programs and their own farm stands. However, this meant that many farmers offered similar product combinations. This market saturation often led to lower sales (too many competitors, or lowering prices to be competitive), and/or waste from un-sold product.

After weeks of internal discussion, they hatched an ambitious plan: BriarPatch would bring local producers – competitors— together in bi-annual production planning meetings. This meeting would have three primary goals:

- ✓ Identify the next year's consumer produce trends,
- ✓ Project inventory needs to meet this demand, and
- ✓ Coordinate which farm(s) would produce which products and in what quantities.

KEY CHALLENGES

BriarPatch recognized the plan's potential but knew that getting the program established would require them to overcome significant political, strategic and tactical hurdles.

Farmer Buy-In

Farmers were hesitant, at first, to share their production information with each other because they were concerned about losing their hard-earned profits and competitive advantage.

Finances

Many producers struggled to obtain funds to buy or pay for the new infrastructure, tools, training, or certification (i.e. organic) needed to meet the outcomes of the production planning meetings. For example, BriarPatch's consumers wanted certified organic food but not all their producers had the necessary funds to pay for organic certification even if they were already farming using organic methods. In addition, switching to a new type of crop often requires added funds to pay for more expensive seeds or transplants, buy new equipment for planting or harvesting, or invest in new storage or post-harvest handling infrastructure.

Systems

While the existing inventory planning systems were adequate for month-to-month planning, and some annual projections were made, these systems were not as robust as BriarPatch

needed them to be. BriarPatch needed to create more refined inventory planning and forecasting systems in order to provide reasonable security for the farmers.

KEY STRATEGIES FOR SUCCESS

Fortunately, BriarPatch was able to overcome these challenges through a mix of smart business management practices and a responsive, customized approach. By the end of the program's third year, BriarPatch began to see its efforts bear fruit.

Reporting Transparency and Sales Growth

BriarPatch was able to convince farmers to get on board with the collaborative planning process by providing a solid business case for the approach by sharing its sales growth and projections with its producers. As a co-op, BriarPatch had always reported its annual sales but these reports represented a new depth of transparency. As its finance and produce buying teams worked to create these projections, they explained to producers how past sales performance helped predict what would be needed.

This level of transparency and detail helped build trust with farmers and provided a much-needed sense of security. In particular, BriarPatch shared its margin targets and retail pricing process so that the co-op and farms could collaborate on pricing and promotions to drive sales.

As BriarPatch's sales rapidly grew after the store expanded in 2007, the farmers saw first-hand that the projections were a useful and trustworthy tool to plan future business activity. As local product sales continued their upward trend, the producers quickly understood that they needed to be a part of BriarPatch to plug into the local community, be a part of the local food system, and build their businesses—even if that meant embracing the collaborative planning process. By 2011, over 20% of BriarPatch's total produce sold was grown on farms within 20 miles of the store.

Over time, the annual farmer meeting moved away from crop planning and became a venue to help farmers understand how to effectively manage their crops and farming practices to be successful in a retail environment. The process for crop planning evolved into an activity done directly with each farm through email and excel spreadsheets. It has become a highly focused, cooperative and data-driven effort that benefits the store and farms, alike.

Variety, Equanimity and Communication

To help ensure that more producers could participate, farmers sometimes had to agree to branch out into a new crop variety—or a different crop entirely—to avoid creating an oversaturated market. To help navigate relationships between competing farmers, BriarPatch employed a “directly collaborative” approach wherein the store would proactively engage in a dialogue with farmers growing the same crops who were at risk of saturating the market, leading to food waste and price reductions.

Farmer Financing

BriarPatch developed financial assistance options to help farmers offset or finance any new expenses they incurred as a part of this collaboration including offering direct loans and training for organic certification and reporting. BriarPatch also partnered with California Farm Link to administer farm loans, helping cover costs related to operational and agricultural management changes as a result of participation in the collaboration. These loans cover infrastructure improvements, costs for transitioning from conventional to organic production methods and new equipment for soil preparation or harvest for new crops.

So far, about nine farms have made use of this farm financing program. Savings from certification fees and reduced interest for the farmers total approximately \$14,000 and total loans of over \$165,000 have been approved by the bank.

Consumer Education

Consumer education was an important component of the program's success. The BriarPatch newsletter, circulated to over 5,000 recipients, detailed the program and highlighted participating producers and their products as a way to generate buy-in among members and to inform their purchasing decisions.

RESULTS

Although there is still some competition among producers, “coopetition” is now a more accurate depiction of the dynamic between the suppliers in the BriarPatch planning system. With a deeper understanding of retail sector needs and consumer demand, less production overlap exists as producers discuss and accept which of them is optimally situated to meet specific needs.

Measured results from this initiative include:

- The number of local farms supplying BriarPatch has grown from 15 in 2012 to 45 in 2018—most of them within 20 miles of the store.
- Between 2012-2018, BriarPatch sales of locally procured products have grown by 325%, from \$183,600 to \$780,470.
- Over 200 new SKUs have been introduced since 2012, in part because of the refined varietal planning between farmers
- Produce loss has reduced drastically. Prior to these efforts, the amount of produce lost due to spoilage was the equivalent of 5-7% of total produce sales. Now, with appropriate volume and varieties of produce at hand, produce loss has dropped to just 2-3% - an improvement of more than 50%!

ABOUT BRIARPATCH

Celebrating its 40th year of business in 2017, BriarPatch Food Co-op is a vibrant community hub in Nevada County, California. Since its inception, the Co-op has prioritized environmental, social, and fiscal responsibility across the company.

<http://www.briarpatch.coop/>