



# FTSLA & OTA Webinar

## *Sustainability Measurement & Reporting: Strategy for Success*

March 25, 2010

Frontier Natural Products Coop

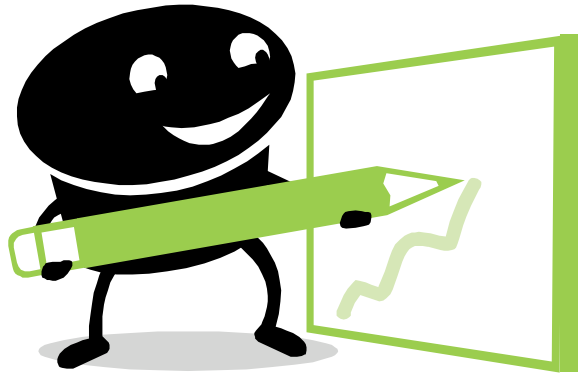


# Overview of Business

- Leading supplier of natural and organic herbs, spices, botanicals and essential oils
- Mission: *To be the trusted leader in innovative and sustainable products that improve the quality of life for our consumers, suppliers, and employees.*
- Headquarters: Norway, Iowa with additional facilities in Urbana and Peosta, Iowa and Boulder, Colorado
- Brands: Frontier, Aura Cacia, Simply Organic
- 270 FTE
- Founded in 1976
- Sustainability Mantra:

What get's measured, gets managed....

# Gathering and Assessing Data

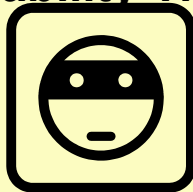


# Developing Data Collection Systems

## Current Method

- Source of Data
  1. Invoice-based
  2. Custom RFI
- Excel Workbook
- Worksheets (Tabs)-Assigned Metrics with Tracking Templates and built-in Formulas
- Pull retroactive data from E-Drawer
- Populate templates for reporting (monthly, quarterly, annually)

**Sustainability Time Bandit!!**



## FY11 Goal to.....

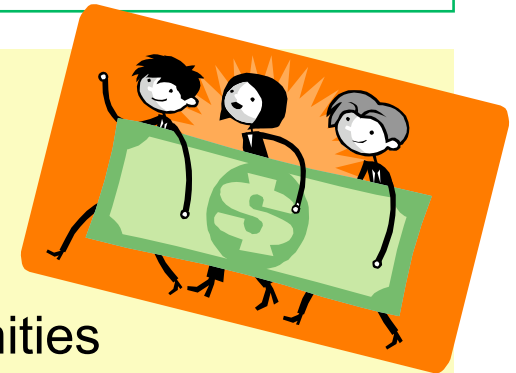
- Develop Optimized Data Tracking System seamlessly talks to existing data collection systems. (single click reports/charts/graphs)
- PRMS (Resource Management System)
  - Accts. Payable/Receivable
  - Distribution Requirements
  - Engineering Data Mgmt.
  - Forecasting
  - Human Resources
  - Production Scheduling
  - Material Requirements
  - Period/Year End Processing
  - Physical Inventory
  - Purchasing/Receiving
  - Warehouse BOSS

# Cross-Functional Team Building

- There is no “I” in Team
- Not always the same person /persons (risk)
- Integrative and Multifarious
- Team cross-functionality = Framework for Whole Business sustainability
- Organizational sustainability only as strong as the weakest person committed to the cause



- ID: Metric
- ID: Source
- ID: People
- ID: Process
- ID: Opportunities

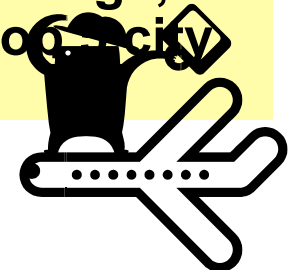


- Example:
- Utilities
  - (electricity, gas, water, wastewater)
- Invoices
- Maintenance Mgr., Accts. Payable, Sustainability
- 7-step Process
- Eliminate Steps----1 or 2 steps

# Obtaining Supplier Data

- **Source of Data**
  1. Invoice-based (E-drawer)
  2. Custom RFI
- **Vendor Invoice/Bill of Lading/Reports (pertinent business services)**
  - Order Delivery
  - Waste handling
  - Printing
  - Utilities, etc.
- **Determine metric data-set relevancies, i.e. usage rates/trending**
  - (weekly, monthly, quarterly, annually)
- **Customize scope of invoice detail and reporting frequency**
- **Investigate and Incorporate Vendor data collection opportunities**

**Example: Corporate Travel Agent Executive Summary: Mileage, Users, average cost/mile, lost savings, service fees, top city pairs, emissions, etc.**

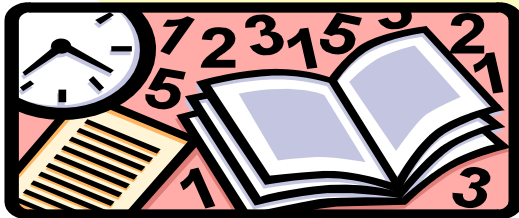


# Evaluating Data

What do the numbers mean and why?

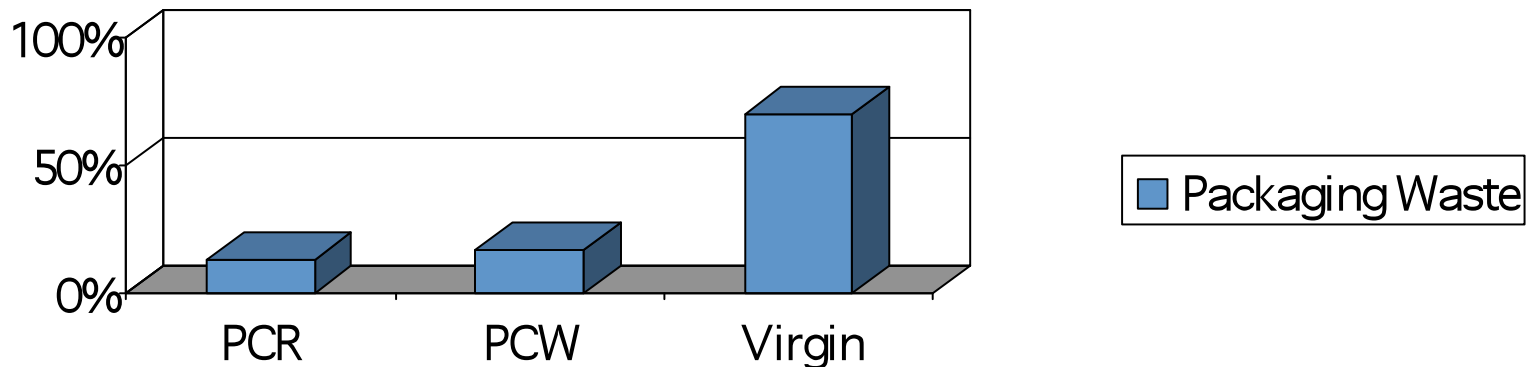
- Don't assume data is correct: .....Investigate!  
(Humans err and Excel sometimes has a mind of its own)
- Link thinking to the logic behind the formulas
- Where did numbers originate
- Business strategic planning-even though focus is on continuous improvement....keep a historical perspective!
- Ask cross-functional team members for updates on

and work-flow to lend reasoning behind



# Utilize Data to Set Goals

- Benchmark provides a picture of equanimity:
  - emphasis on where you are.....
- Equilibrium is sometimes the 'New' growth
- Continuous improvement:
  - emphasis on where you want to go and within what timeframe



# Measure Progress

**I'm a Box But I Used to be a Tree**



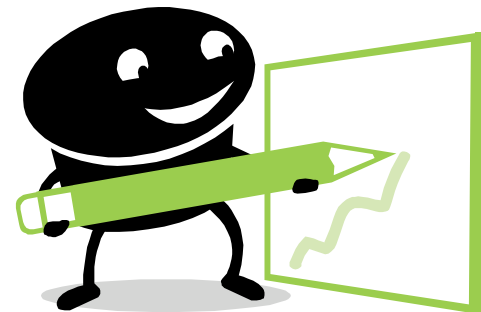
**Save More: Use Less**  
**To save resources, I'm being reused. I'm saving trees, water, energy and waste to landfill.**

32,001  
Counts

Every Box

- 5 year supply/32,000 stickers
- Receiving placed Purchasing request for more...
- Sticker newest tracking source for sustainability metric previously untapped
- Redesign: simplify message; numbered stickers; material; re-evaluate process to optimize tracking

# Creating a Report



# Reporting Differences

## Detailed Internal Reporting



### Environmental Indicators

- Input indicators quantifying use of various resources
- Output indicators quantifying emissions, effluents, waste
- Significant impacts of products



### Financial Indicators

- Monetary flow indicators as a measure of impact on stakeholder group



### Social Indicators

- Labor practice indicators
- Training/education
- Health/safety
- Human Rights



## Distilled External Reporting

### Environmental Indicators

- Input indicators quantifying use of various resources
- Output indicators quantifying emissions, effluents, waste
- Significant impacts of products



### Financial Indicators

- Monetary flow indicators as a measure of impact on stakeholder group



### Social Indicators

- Labor practice indicators
- Training/education
- Health/safety
- Human Rights

- *Medical information/Personnel issues /Wages are confidential and for internal knowledge only. Only those who need to know are involved to resolve/build solutions)*

# Addressing Disclosure Concerns

- Strike a balance between disclosing strong and weak performance (builds trust and transparency)
- Stakeholder survey results indicate companies' failures are often left out of the reporting process
- Effectively highlight when in the wrong; Improves the credibility of the report:
  - Address root cause/avoid defensive explanations
  - Stakeholders eyes on a company's commitment to improve or to cause the least harm possible
  - Stakeholders understand there will be hurdles and sometimes failures

# Creating a Meaningful Report (1 of 3)

- Perfect Trifecta: Balanced, Objective, Meaningful
  - Challenging to achieve this when best practices are constantly evolving
- Choose a reporting framework w/ standards that fit your business.
  - Don't shoe-horn yourself!
- Size of organization-
  - sector-based frameworks suit smaller companies (vs. multinationals)
- Framework will determine what to report on and what to exclude

# Creating a Meaningful Report (2 of 3)

- Prioritize-materiality of metrics is Key
- Avoid fluff! Focus on tangible metrics;
  - material issues, governance and performance measurements.
- Ensure data adhere to established standards
- Adopt standards that are
  - Industry accepted
  - Used by key customers
- Avoid appearance of 'green-wash'
  - Ensure walls between CR and PR are clear
  - Avoid highlighting brands
  - Third Party Verification

# Creating a Meaningful Report (3 of 3)

- Choose a Format; which will most effectively tap diversity of reader groups?
  - Hard copy
  - Hard copy/web based
  - Web-only with interactive searchable formats
- Perception: those who print=most committed to sustainability
- Optimize Stakeholder Dialogue Process
  - Demonstrate collaborative involvement (online) to shape sustainability strategy
  - Identify core issues deemed material to stakeholders
  - Ask stakeholders anything is missing

# Questions & Answers

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