“Economy of food is patriotism,” according to a World War I-era U.S. government poster. “Waste of food is disloyalty,” it adds, because foods—especially wheat, meat, sugar and fats—were needed by American soldiers and the citizens of war-torn Allied countries. In the subsequent 85 years, American attitudes changed considerably. Encouraged by plentiful harvests, rising incomes and advancing technologies, consumers and the food industry alike became less concerned about waste.

In the past 10 years, however, waste reduction has become a major focus of companies in all industries. Wasted product represents

Save the Planet, Feed the Planet

Reducing waste and achieving a zero-landfill goal are admirable goals for any corporate sustainability project. Going further by reducing food waste and redirecting the excess to feed the hungry is a truly extraordinary achievement. Our work on such a project with Feeding America®—the nation’s leading domestic hunger-relief charity—shows how partnerships between public and private organizations can help solve complex and challenging community issues.
needless cost, so cost-reduction efforts have focused on waste reduction. Such initiatives are often wisely couched in the language of “sustainability,” because cutting waste means consuming fewer planetary resources and filling less landfill space. A “war on waste” is thus both profitable and sustainable—a win-win situation.

A.T. Kearney and Feeding America® recently developed a process that gives food companies the opportunity to turn that situation into a win-win-win by adding philanthropy to the mix. The Quantify, Reduce, Donate (QRD) process is designed first to reduce waste, and then to donate as much of the remainder as possible to feed the hungry. The reduction and donation strategies can live in harmony because one company’s waste could be a hungry family’s next meal. By maximizing saleable product and then capturing and donating remaining edible wastes, companies can achieve genuine sustainability as they move toward the goal of zero-landfill dumping. They can also add improving social well-being to their sustainability agendas.

Applying Business Skills to Social Problems

The worldwide economic slowdown has posed challenges to all sorts of individuals and businesses, but the pinch has been especially severe for nonprofit organizations that help the poor. In the case of hunger relief, for example, job losses have contributed to the greater need for services because more people are hungry. The grim news is that 49 million people—16 percent of the U.S. population—ran short of nutritious food at some point in 2008. This represents a 36 percent increase from the previous year and the highest food insecurity rate recorded since annual surveys began in 1995.

At the same time, economic hardships reduce charitable donations, making it more difficult for Feeding America to fulfill its mission (see sidebar: Feeding America: Getting Nutritious Food to Hungry People on page 49). The organization turned to A.T. Kearney for help.

80 billion of the 900 billion pounds of food distributed annually in the United States ends up in landfills. That’s enough to fill 320,000 jumbo jets per year.

We were happy to take on this pro bono project because we see hunger and poverty as crucial social issues. Indeed, recently released figures reveal a 2009 U.S. poverty rate of 14.3 percent, the highest rate since 1994—and the fastest-growing poverty rates are among children. With a belief in corporate social responsibility—that businesses must support the communities in which they operate—we hoped to apply our skills and critical thinking to help craft a solution.

Measure First

One of our first steps was to examine the food waste stream. We were surprised by how poorly it is measured: Various estimates have been
made by the U.S. Department of Agriculture, the U.S. Environmental Protection Agency and several environmental advocacy groups, but few organizations effectively track their own waste. Furthermore, the largest source of food waste—post-consumer “plate” waste—goes almost completely unmeasured. By researching and compiling previous studies and conducting a series of interviews with industry experts, however, we were able to create the first complete estimate of the magnitude of food waste.

Our analysis reveals that almost 80 billion of the 900 billion pounds of food distributed annually in the United States (through retail stores and in foodservice establishments) ends up in landfills. That’s enough to fill 320,000 jumbo jets per year. This number includes excess ingredients, test products, damaged goods, leftovers from food preparation, rejected loads and consumer plate waste.

Foodservice establishments, such as restaurants, institutions, conventions and caterers, generate far more food waste than grocery stores and food manufacturers: 50 billion pounds, or 65 percent of the total 80 billion pounds.

We developed a new framework to analyze this waste stream, which we divided into three groups: procurement, preparation and plate waste (see figure 1):

- **Procurement** waste is generally uncooked food from points along the supply chain, such as excess ingredients or damaged products.
- **Preparation** waste results from the on-site preparation of food, sometimes arising from inefficient processes or lack of adequate training, but also including unused items such as vegetable trimmings.
- **Plate** waste refers to food that is served but not eaten, often resulting from oversized portions and system-wide incentives to push more food upon diners.

Our measurements thus formed the foundation of our analysis. These measurements also represent the first step in a process we recommend for others—because, as the adage goes, you get what you measure. When food waste is not measured, there’s no incentive to reduce it.

Accordingly, step one of the QRD process is to quantify. We first identify and measure our

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**FIGURE 1**

Food waste in America is estimated at 80 billion pounds, most originating in foodservice channels

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<table>
<thead>
<tr>
<th>Annual U.S. Food Waste Post-Recycling (lbs., billions)</th>
</tr>
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<tbody>
<tr>
<td><strong>Foodservice</strong></td>
</tr>
<tr>
<td>50</td>
</tr>
</tbody>
</table>

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1Includes waste by consumers and grocery channels, among others

Sources: U.S. Environmental Protection Agency, www.zerowasteeamerica.org, BioCycle and industry interviews; A T. Kearney analysis
Feeding America: Getting Nutritious Food to Hungry People

As the nation’s leading domestic hunger-relief charity, Feeding America—founded 30 years ago as America’s Second Harvest—seeks to feed the hungry through a nationwide network of member food banks while it engages broader support.

Many people are familiar with the community food drives that local food banks run to help fill their pantries, but may not be aware that 200 local food banks—and thousands of associated local charitable agencies and programs—are part of a nationwide Feeding America network that distributes more than 2.5 billion pounds of food and grocery products annually.

This network typically receives two types of donations: cash, used to purchase nutritional food; and food donated by producers, distributors and retailers.

In recent years, Feeding America has sought to distribute healthy foods to combat obesity and better meet the nutritional needs of the hungry. The organization has developed performance indicators to measure the percentage of its donations considered to be nutritious. Its National Produce Program handles 2.2 million pounds of fresh produce per week, making produce the largest category of food distributed.

Feeding America and its member food banks can be valuable partners for food companies engaged in a war on waste and has helped companies develop initiatives to improve corporate efficiency and sustainability while creating donations for the hungry. It seeks continuing partnerships with industry to identify donation opportunities that can use this war on waste to help solve the paradox in which some people in America go hungry while elsewhere food goes to waste.

Reduce and Save

Once the waste stream has been fully identified, we move to step two of the QRD process, which seeks to reduce that waste. This is the classic philosophy of the war on waste across many industries: The cost of waste goes far beyond the cost of landfill space. It may include the cost of procuring and handling the raw materials, and the lost revenue opportunities that the wasted product could have brought. Reducing waste can cut those costs and improve profitability.

Don’t Dump. Donate.

Some waste is systemic and unavoidable. A bakery will always have day-old pastries, a caterer unserved meals, and a hospital uneaten red JELL-O. Moreover, damaged products and vegetable trimmings are a permanent part of the food industry. No company would be able to eliminate waste entirely.

Of the waste that does remain, however, everyone should ask: How much would be edible (step three of the QRD process)? Could it be donated as is? If not, what steps could be
taken to recover the waste (see figure 3)? What’s the cost of those steps? In some cases, hunger-relief charities could help with that recovery effort. For example, in Feeding America’s Relief Fleet program, transportation companies offer empty trailer space to take donations from the location where the waste occurred (say, a factory) to the location where the food is needed (say, a food bank in a poor neighborhood).

As we investigated the situation, we found that some companies are far ahead. For example, although food manufacturers always have excess inventory caused by changing consumer tastes, leaders such as Kraft and ConAgra have
well-established programs to donate that inventory to Feeding America. Indeed, these programs comprise a large portion of Feeding America’s current donation base. Likewise, although retailers often need to rotate their stock to maintain best-before dates and provide their shoppers with the freshest selection, some retailers donate that rotated food to local food banks. Wal-Mart, for example, has a nationwide policy to encourage food donation.

It’s unfortunate that these practices are by no means standard across the industry. We found that too many national retail chains leave the decision to donate to a local store manager. Others—both manufacturers and retailers—are bogged down in needless fears about liability (the Good Samaritan Food Donation Act protects companies against criminal and civil liability should any product donated in good faith later cause harm to the recipients). Clearly, more work can be done—and more people fed.

The Thorniest Problem

Post-consumer plate waste presents two thorny problems: First, it represents the majority of food waste; and second, once food has been prepared or served, it can no longer be donated to the hungry. The excess may be used for animal feed or composted, but usually it ends up in a landfill.

We believe that innovative thinking about reducing plate waste is essential. After all, while the consumer is technically the one who actually disposes of the food, the preparer must still strive to reduce that waste—just as packaged-goods manufacturers strive to reduce packaging. Furthermore, reducing plate waste is tied to reducing obesity. Thus a project to reduce plate waste achieves multiple sustainability goals, including helping to improve health, reduce costs, eliminate waste and alleviate hunger.

Plate waste can still be prevented by not serving excess food in the first place—even as the incentives encourage concepts of plenty. For example, when diners order more courses, the restaurant makes more money and the server more tips; ravenous eaters get angry at undersized portions while normal eaters shrug and nibble at oversized ones. Despite this, we found that leading foodservice companies are developing innovative ideas to reduce plate waste.

For example, Starwood Hotels considers plate waste at banquets and conventions a signal that portion sizes are too large, and adjusts accordingly. Sodexo, the institutional food-service provider at Northwestern University, enlisted students to help reduce wasted food at all-you-can-eat cafeterias. In the first step, the students weighed their plate waste to quantify the total waste flow. That step alone—couched as a competition among dining halls—caused a change in diner behavior. Sodexo subsequently eliminated trays at select cafeterias, thus discouraging students from taking too much food. Results are expected to reduce plate waste by 30 percent.
More innovations are certainly needed, and we’ll continue to work with Feeding America—and companies throughout the food industry—on plate waste and other waste-reduction programs, helping them develop mutually beneficial relationships. We believe the QRD process represents an exciting opportunity for all food companies to achieve greater profits while doing good in their communities.

In this work, though, we were further struck by the following insights:

**Structure matters.** Successful sustainability programs involve formal processes and governance structures. For example, rather than depending on the charitable impulses of individual employees, the QRD process provides a template for companies seeking to implement a structure for food-waste reduction. In other words, successful sustainability projects require the same up-front planning, execution rigor and capabilities as any other business project. Consider: Could Wal-Mart have connected more than 3,300 U.S. locations to community food banks—in a way that efficiently moved food from store shelves to the mouths of hungry children—through ad-hoc commitments by local managers? Wal-Mart succeeds because a company-wide structure takes advantage of its vaunted logistical excellence to achieve sustainability goals.

**Partners can expand opportunities and reduce risks.** As a nonprofit, Feeding America can act as a partner in these corporate sustainability projects—and a particularly valuable one—because its executives work to identify and mitigate roadblocks to donation. Companies can reach out to nonprofit business partners—and also to for-profit ones. When it comes to feeding the hungry, your biggest competitor could be your biggest ally. As projects like this include a social-good component, you can learn from your peers and possibly improve your profits at the same time.

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2 For the complete findings, see “Green Winners: The Performance of Sustainability-Focused Companies During the Financial Crisis,” at www.atkearney.com.

3 For more on this topic, see “Chain Reaction: Your Firm Cannot be ‘Sustainable’ Unless Your Supply Chains Become Sustainable First,” at www.atkearney.com.
Social well-being is a broad category. Although sustainability experts consider social well-being a core value, many people continue to think of it in terms of delivering socially responsible products and services, minimizing toxic-waste disposal, or improving labor conditions. These are certainly worthy goals, but social well-being is a broader concept: It’s about improving communities. When a company engages in sustainability projects to feed the hungry, fight obesity, support literacy, work with economically disadvantaged children or otherwise improve social well-being, it creates goodwill for employees, suppliers and customers. (This is especially true when the people being helped are geographically close to the helpers.) Thus, we encourage companies to choose sustainability projects that can combine social well-being with environmental and economic goals.

Sustainability is not reactive. Some companies adopt sustainability measures to stay ahead of the activists. They know that some advocacy groups are radical, knowledgeable and vocal, and they don’t want the public-relations disaster of being targeted by such a group. With all due respect, we’d like to suggest that these companies don’t yet get it. Hunger—in America and elsewhere—is a serious problem, but not one that has yet escalated to the level of boycotts, marches or other newsworthy activism. Successful companies that donate to Feeding America, therefore, are not doing so out of fear (and their programs are not run through public relations departments). They have engaged in sustainability projects because these projects fit with their corporate values. They want to make money, help the environment and feed the hungry at the same time—and what’s more, they can.

War on Waste

Today’s leading corporations use the focus on sustainability both to increase profits and to improve the world in which they live. They’ve quantified their wastes to understand the scope of the problem and created incentives to address it; they’ve reduced those wastes as much as possible to cut costs; and they’ve donated any remaining edible wastes to help feed the hungry. In short, they’ve harnessed this war on waste to go beyond the traditional goals of corporate sustainability projects. These initiatives reduce consumption of resources and even cut the greenhouse-gas emissions that result from the decomposition of waste food in landfills. In so doing, these companies address one of the major social problems affecting the communities in which they operate. With such powerful effects, these programs can help achieve the full promise—and all the benefits—of genuine sustainability.

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