

# CIES FUTURE LEADERS CONGRESS

21<sup>st</sup> -23<sup>rd</sup> October 2007

*"CHANGE OR BE CHANGED: HOW TO LEAD A RESPONSIBLE BUSINESS"*



[www.ciesflp.com](http://www.ciesflp.com)

# EXECUTIVE SUMMARY

## CIES – A TRUE FORUM FOR DISCUSSION AND DEBATE

*The Event for Future Leaders Around the World*



*Story Telling...*



*Sharing best practices...*



*Discussion and debate...*

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## THE CIES FLP MISSION STATEMENT

The Mission Statement of the **CIES Future Leaders Programme** is to provide the structure for potential senior managers in the food business to gain knowledge from shared experiences. The programme is designed for future leaders who are considered by their companies to have the potential to become part of senior management.

The Future Leaders Programme consists of:

1. An **Annual Congress** held in Autumn concentrating on general management and operational issues involving interactive debates, delegates' participation and presentations.

The 2008 Annual Congress will take place in Washington D.C.

2. A strategic "**Breakthrough**" **Module** usually each Spring exclusively for Committee members.

3. Studies on **key industry issues** run on member companies for the member companies' benefit.

## WHAT IS CIES -THE FOOD BUSINESS FORUM?

**CIES - The Food Business Forum** is the only independent global food business network. It serves the CEOs and senior management of nearly 400 members, in over 150 countries, with retailers being the largest single group.

Providing a platform for knowledge-exchange, thought-leadership and networking, CIES has been growing with the food business for over 50 years. Its strength lies in the active commitment of its member companies and its privileged access to key industry players which allows the organisation to facilitate the development of common positions and tools on key strategic and practical issues affecting the food business.

**CIES Mission** is to:

- provide a platform for knowledge-exchange, thought-leadership and networking
- facilitate the development of positions and tools on key strategic and practical issues affecting the food business.

**CIES Products** include international management programmes, newsletters and studies as well as tailor-made member services. Each programme is headed by a retailer-led committee or a task force whose role is to identify top-of-mind issues. Current programmes are The World Food Business Summit, Future Leaders, Marketing, IT, Supply Chain, Food Safety & The Global Social Compliance Programme.



## THE CIES FUTURE LEADERS COMMITTEE

The CIES Future Leaders Programme is created by the members of the FLP Committee



### Chairman

- **Richard Flint**, Trading Executive – Hospitality, Marks & Spencer, United Kingdom
- **Georg Bruch**, Geschäftsführer Vertrieb, Globus, Russia
- **Gaelo A. De la Fuente**, VP, Retail Operations, Atlantic Division, Food Lion, USA
- **Johannes Gutberlet**, Leitung Herzberger Vertrieb, Herzberger Bäckerei GmbH, Germany
- **Paul Havinga**, Format Manager Albert Heijn Convenience Stores, Albert Heijn BV, The Netherlands
- **Rhoda Lane O’Kelly**, VP Strategic Management Programmes, CIES – The Food Business Forum
- **Gilles Leclerc**, Key Account Director, Coca-Cola Entreprise, France
- **Alain Patoux**, Training Director, Carrefour, France
- **David Ringer**, Head - Group Product Development, The Continuity Company, United Kingdom
- **Guy Tiebackx**, Sales Director, Private Label, Develey Senf & Feinkost GmbH, Germany
- **Jarret Van Vuuren**, Corporate General Manager, Pick ‘n Pay ZA, South Africa
- **Tobias Wasmuht**, International Marketing Manager, Spar International, The Netherlands
- **Johan Wiklund**, Project Director Business, ICA AS, Sweden
- **Giuseppe Zuliani**, Private Label Director, Conad – Consorzio Nazionale Dettaglianti, Italy



## Conference Soundbites

“Never have you been under such intense scrutiny – and make no mistake – it’s personal.”

**Caroline Sami, ID:ology**

“If you fight for the consumer, she will look after you. Fight monopolies, fight collusion, fight apartheid, fight anything that’s wrong on behalf of the man on the street.”

**Raymond Ackerman, Pick ‘n Pay**

“We should not use more than our fair share of the earth’s resources and leave behind less for future generations.”

**Tim Appleton, Duchy Originals**

“This is the critical issue of our generation and we need to take leadership in this.”

**James Bidwell, Visit London**

“It’s time to bring Fair Trade out of the ghetto. It must become a tool of global development.”

**Jean-Pierre Blanc, Malongo**

“Unless you holistically address the whole thing, people won’t trust you.”

**David Gregory, Marks & Spencer**

“Collaboration is the future for handling risks.”

**Terry Babbs, Tesco**

“It’s not enough to do good, you’ve got to let the world know what you’re doing and why.”

**Kate Robertson**

“If it sounds like a token gesture, it might as well be.”

**Jonathan Banks, Nielsen**

“There is no ratio for net profit per tonne of carbon ... You’ve got to tell us about it. Otherwise we’ll assume you’re losing money.”

**Mark Husson, HSBC**

“Consumers are real people.”

**Charlotte Oades, Coca-Cola**

“Power is given as well as taken.”

**Dr Kevin Money, Henley Management College**

“The future is in this room.”

**Richard Flint, Marks & Spencer**

## Sunday, 21st October – STRATEGIC SESSION

### **Welcome to the CIES Future Leaders Programme**

*Richard Flint, Trading Executive – Hospitality, Marks & Spencer and Chairman, CIES FLP Committee*

“Who is the future,” Richard Flint asked. The answer, he replied, was in the room. As future leaders, delegates have the ability to shape the destiny not just of the industry, but of the planet. He outlined the benefits of the CIES FLP programme:

- 170 participants from 31 countries
- A unique network – “something else to build your career around”
- Participants get to see “real leadership”



### **How does sustainability fit with your business model – and determine your strategy?**

*Kate Robertson, Group CEO UK, Euro RSCG*



“We are at a crossroads,” Kate Robertson said. The role of the company has evolved. Businesses have moved away from family-owned enterprises – accountable to no one, where profit is everything – to board-governed and shareholder-owned entities. Here, transparency is demanded and profit is one of many goals. In this context businesses have evolved from employers to “change agents”. Sustainability is no longer an additional choice but increasingly a cost of doing

business. Consumers want businesses to communicate a clear point of view on values that chime with their own and expect their decision makers to find innovative solutions to issues such as environmental damage and energy shortage and to lead on values. “But it’s not enough to do good, you’ve got to let the world know what you’re doing and why.”

## KEY POINTS

- Look before you leap
- Get down with a plan
- Go for a quick “wow”
- Identify ground zero
- Get everyone on board
- Monitor your friends
- Peek into every dark corner
- Lead the industry

## Plan A

*David Gregory, Technical Director – Foods, Marks & Spencer*



To be effective, a socially responsible agenda must be fully integrated into a company’s day-to-day business and become part of its core. Between 1998 and 2000, Marks & Spencer was in crisis: “We had absolutely lost our way and people started attacking us.” It was necessary to re-establish brand values and better understand customer expectations. Part of this process was evolving a world-class CSR strategy. Central to the retailer’s list of core values was trust. The

company had to earn trust continually and customers should never feel their trust had been misplaced. For M&S, the concept of trust could be divided:

- Trust for me: the consumer wants consistent, high quality, safe food
- Trust for others: the company should recognize the needs and concerns of all stakeholders
- Trust for the future: the company must ensure that the food chain is sustainable for future generations

The issue of sustainability is wide-ranging: “Unless you holistically address the whole thing, people won’t trust you.” The company identified 16 areas for action, drew up a 100-point plan, dubbed Plan A by CEO Stuart Rose, and developed a strong CSR team, which proactively went into the media and spoke “with authority and substance” on five key axes: Climate change, Waste, Sustainability, Fair deal and Health. Crucial to the success of the plan was having everyone in the business aligned. Each store, for example, has a Plan A Champion.

## KEY LEARNINGS:

- Use a bottom -up approach: each store has a Plan A Champion
- Be transparent
- Use auditors and government statistics to measure your success

## What does ethical sourcing mean in practice?

*Terry Babbs, Director, International Trading Law and Technical, Tesco*

While Tesco acknowledges that it cannot put right dysfunctional economies around the world, it believes it must work to “earn the lifetime loyalty” of its customers and makes the following promise: “We will do what we can to make sure that the working conditions of people working for our suppliers meet relevant international standards.” Why bother? Terry Babbs asked. Tesco wants



customers to see that no one tries harder for customers and treats workers with respect. It comes under basic risk management: retaining staff; earning consumer loyalty and the trust of NGOs, media, investors and government.

Activists can damage a reputation quickly and effectively. “Nike is still playing catch-up,” Mr Babbs said, despite having long-rectified controversial supplier practices highlighted by campaigners and media. The costs of getting it wrong include increasing opposition to new store openings, boycotts, protests and having your brand become a by-word for bad practice. Tesco developed an ethical trading programme to

manage this risk. Above all, it’s about having a plan and sticking to it. But solo action is ineffective, Mr Babbs said, as it gives activists “the opportunity to pick us off and we miss the opportunity to demonstrate leadership”. Companies should be open to collaborative efforts such as the CIES Global Social Compliance Programme. “This is the future for handling these risks,” he said.

## TRAIN FOR SUCCESS:

- Tesco trained commercial and technical staff, along with suppliers
- Monitoring and verification: the company used independent audits and risk assessments to identify corrective actions

## SUPPLIERS MUST:

- Understand the issues
- Work with the retailer on the monitoring and verification programme
- Be open and honest
- Work to put problems right

## NOTE

Global Social Compliance Programme (GSCP) is a collaborative effort to deliver a shared, global and sustainable approach for the improvement of working conditions in the global supply chain.

It answers two key objectives:

- \* to reduce duplication of effort and accelerate improvement of working conditions by building consensus on best practices and delivering a consistent message to suppliers globally;

- \* to work in partnership with suppliers on the continuous improvement of working conditions through training and capacity building activities. ([www.ciesnet.com](http://www.ciesnet.com) see: What we do/GSCP)

## **Today's Global Ethical Consumers: Exclusive research from Nielsen**

*Jonathan Banks, European Business Insights Director, The Nielsen Company*

*Jonathan Reynolds, Director, Oxford Institute of Retail Management, Saïd Business School, University of Oxford*



Nielsen's twice-yearly consumer survey, revealed exclusively at the Future Leaders Congress, asks respondents to name their biggest concerns over the coming six months. While the subject barely registered a few years ago, global warming is now coming up ahead of other concerns such as terrorism, crime, war and political stability. Some 28% of consumers are "very concerned", with a further 52% "quite concerned". A total of 4% were unconcerned by the issue, believing the threat is not man-made and that "technology is going to resolve it". When it came to consumer perception of the causes of global warming, 50% globally believed the problem was man-made, with 43% believing the natural changes combined with human activity were to blame. The geographical breakdown was more revealing: in Latin America, 62%

blamed man. In the US, only 32% thought we were wholly to blame.

Looking at the environment as a whole, climate change topped the list of consumer concerns and was most likely to be chosen by consumers between 16 and 24. Packaging waste and pollution followed in second and third place. Some 4% were not worried about the environment at all and only 2% were concerned with "food miles". Of those who were not concerned about climate change, 19% took the view that it would not affect them in their lifetime, while the majority believed there were more serious problems in the world. When it came to who to trust for information on the subject, climate scientists topped the list with 61% of the consumer vote, followed by the media. Businesses came at the bottom with 1%, along with politicians and celebrities. Ambiguity in communication leads to doubt: "If it sounds like a token gesture, it might as well be," Mr Banks said. But transparency wins through.



## IMPLICATIONS FOR BUSINESS

- Concern is growing rapidly from a small base
- Consumers don't trust corporations for information
- Concerns are focussed on tangible issues such as packaging
- There is wide variation in leadership between companies and markets
- There is a need for clarity of stance and communication
- Communication should be credible and testable

## From Risk Management to Sustainable Management

*Roland Vaxelaire, Quality, Responsibility and Risk Management Director, Carrefour*



“The world is very close to you,” Roland Vaxelaire said. The context of risk is changing. There is a general reduction of trust in institutions: business, religion, governments. Public opinion is very sensitive to all questions of safety, ethics and the environment, while civil society is becoming more militant, driven by the professionalization of NGOs and interest groups. Meanwhile, the internet has allowed consumers to express themselves with near-global visibility and with the benefit of anonymity. This calls for a revised strategy. Companies used to try to be the best *in* the world. Now they must also try to be the best *for* the world. There is a need to transform sustainability from risk-avoidance to a value-added strategy. Earning the goodwill of first-level stakeholders is paramount.

Mr Vaxelaire showed results from the Edelman Trust Barometer 2007 that showed socially responsible activities were second only to quality in the US and the EU when it comes to building trust. EU consumers also said that good employee and labour relations were more important than price. If companies lost the trust of their customers it is because they did not deliver on these issues, Mr Vaxelaire said. A crisis of trust can lead to a very strong fall in sales and lasting damage to the value of the company. To move forward in this new context, companies must not only focus on short-term gains, but on long-term value. “People often don't look behind the profit and loss figures.” Finally, managers should try to “change twice”: once to create innovation and once again to change perception.

## KEY LEARNINGS:

- Sustainable development should not only be a department but a company project shared by management and staff
- The successes and failures of tomorrow will depend on the capacity of companies to take into account the expectations of all stakeholders
- Organisations must adapt to survive
- Only the perception, the conviction and the will of the leaders will make the difference
- Responsible management is not enough to create value
- The value of a company also depends on the quality of its relations with first-level stakeholders

## The Virtuous Organic Cycle

*Tim Appleton, Group Technical Manager, Duchy Originals*

Duchy Originals was founded in 1990 by His Royal Highness the Prince of Wales, to demonstrate that it was possible to produce high quality “real” food by working in harmony with the environment and nature. Its aims were to support sustainable farming, promote sound husbandry and protect the countryside and wildlife, as well as to generate funds for the Prince’s charities. By promoting sustainable and organic agriculture, the Prince hopes to reconnect people with the food on their plates. It is now one of the UK’s largest organic and natural brands in food and non-food, generating GBP 1 million in profit for the third consecutive year.



## THE DUCHY ORIGINALS SUSTAINABLE DEVELOPMENT MODEL

- 1 Resource use: energy, recyclables, renewable
- 2 Efficiency: waste, emissions, use of resources
- 3 Social impact: health & safety, community involvement, employee development
- 4 Economic impact: job creation, support of local economy
- 5 Company governance: stakeholder communication, responsibility, annual report

In 2005 the company began implementing its own programme of sustainable development for its head office and licensees. The process involved the company asking itself some serious questions: can we go on with a programme of continued growth? “We realized that it is not sufficient to be just organic, but we had to become sustainable as well,” Mr Appleton said. “Especially as our customers assumed that we were.” The company defined sustainable development as simultaneous development in three interconnected pillars: Economy, Environment and Society. A trade-off between one or more pillars will not result in success. The company is now using “the 4E Diamond approach” to educate its SME suppliers and licensees.

#### **THE 4E DIAMOND**

- Enable
- Encourage – identify current sustainable actions, show cost benefits
- Exemplify – lead by example
- Engage – develop networks and hold regional meetings

#### **What does Big Money think?**

*Mark Husson, Managing Director and Global Retail Analyst, HSBC Securities*



Mark Husson explained the way large lenders or equity investors (“Big Money”) make decisions about which companies to invest in. Only “efficient companies” are likely to secure further funds, but Mr Husson qualified that investors’ judgments about the efficiency of a company tend to be based on financial performance alone. “There is no ratio for net profit per tonne of carbon. Perhaps that will change. It could be that [in future] those who operate ethical policies will do all the business.” But for now, banks have yet to find that green initiatives make a business more efficient. He cited the example of Wal-Mart, claiming that its environmental plan had failed to impress the financial community, using stock quotes to back up his claim. In addition, HSBC is not convinced consumers are yet ready to pay more for products produced sustainably. Ways of changing this and “getting the City and Wall Street to reward the good guys” include:

- Make sustainability financially compelling : “You need to tell us about it, otherwise we’ll assume you’re losing money.”
- Move the traditional goalposts in measuring efficiency
- Make the City and Wall Street respect it: “Your stock and bonus will rise.”

- Make consumers want it: “Make it cheap enough for them to pay for it.”
- Don’t compete on the issue – collaborate
- Demonstrate improved customer approval and sales: “Financial markets will change if the consumer demonstrably cares.”

However, Mr Husson pointed out that there were problems with claiming a sustainable agenda for your company. Firstly, renewable energy sources such as ethanol are driving up food prices everywhere. Also, 70% of Americans think “going green” is an advertising tactic. “If you really cared about this stuff,” Mr Husson said, voicing consumer skepticism, “you wouldn’t have any stores at all.”

## **A Fair Future**

### *Jean-Pierre Blanc, Managing Director, Malongo*

The Malongo coffee brand, a subsidiary of Rombouts, was the first French participant in the Fair Trade Scheme, beginning in 1992. Mr. Blanc explained the meaning of “Fair Trade”, an association begun by Father Francesco Van der Hoff, founder of Max Havelaar. Starting from the assertion that “charity is a mortal sin”, the Fair Trade economic model helps developing countries to live from their work, rather than rely on hand-outs. Central to the model is the guaranteed minimum price to be paid to suppliers. Direct purchase from small producers, advance finance of the harvest and social bonuses are also part of the deal. For example, Malongo’s social projects include the setting up of hospitals, dental surgeries and training centres in its supplier communities. A reduction in profit for the purchaser is offset by the guarantee of quality small producers offer. In terms of distribution, Malongo owed its big break to the early support of Monoprix and Carrefour, which enabled both the brand and the fair trade concept to achieve a wide range of consumers. Ironically, however, it was attacked by activists for selling Fair Trade products in “Big Shops”. Aside from Malongo, the Fair Trade market has generated a turnover of EUR 50 million in five years. In conclusion, Mr Blanc said that Fair Trade had sustainable development written in to its logic. “It’s time to bring Fair Trade out of the ghetto. It must become a tool of global development,” he said.



## **The UK Retail Scene**

*Demetra Pinsent, Partner, McKinsey & Company*



To prepare delegates for their day of store visits, Demetra Pinsent gave a brief introduction to the London retail scene. The upscale area of Kensington in London, where the visits were focused, had been the site for a “rebirth of the high street” she said. The arrival of US organic and natural chain Whole Foods Market had spurred innovation among local rivals, while Marks & Spencer’s Plan A sustainability drive had “mobilized the market,” Ms Pinsent said. Convenience was key to success in this market,

dominated by cash-rich but time-poor urban professionals. The market “leads in snacking”, while “travel time remains a constant in store choice,” with few consumers willing to go past the 15-20 minute barrier. More generally speaking, the UK has the highest private label penetration in Europe,

with the opening price of private label ranges being used as a price positioning tool by retailers. Most adopted a three-tier price offer, with premium used to encourage consumers to trade up. However, consumers were happy to cherry pick from the different private label ranges. For example, 77% of Tesco customers buy products from both the low-priced Value range and the Finest premium range.

In a series of short filmed interviews with consumers, Ms Pinsent demonstrated some of the complexities and inconsistencies in UK consumer behavior. Only one was loyal to one supermarket banner. One preferred Waitrose but could not afford the prices; another had shopped at upscale banners Waitrose and M&S when a bachelor, but as a family man, the need for lower prices (and the influence of his spouse) had driven a move downmarket. The overarching driver in consumer choice, however, was convenience of location. There was also a recurring conflict between what the consumers said they preferred or would like to buy and what they “gave into” due to time or price pressure, such as processed and packaged foods in place of home-prepared.

## **Change or be changed: Mapping the Destiny of Retail Brands**

*Howard Saunders, Creative Director, Echochamber.com*



“There’s no product as scary as food,” Howard Saunders said. You never know what’s in it. Food also makes us guilty, he added. “Even milk.” In addition, the available range of products was now so wide that consumers were experiencing choice fatigue. The three key drivers of fear, guilt and fatigue led into a number of mega-trends:

- Selling salvation – Transparent provenance, fair trade: successful formats tell a story about their food.
- Anti-big – Consumers want to be told what they should choose. Smaller, stripped-down stores with a community or artisanal feel are selling us what they *don't* do, at twice the price.
- Rediscovery ritual – The “me moment” is ever more important to consumers. Bespoke and personalized products and experiences are successful.
- Food halls: “the push for posh”. Premium food is on the rise, along with indulgence.

Most importantly, what we have come to accept as consumer norms for food retail are changing. In many cases consumer demand is veering toward the opposite of past trends:

<b>Accessible</b>	<i>is moving to</i>	<b>Exclusive</b>
<b>Mass</b>	<i>is moving to</i>	<b>Bespoke</b>
<b>Choice</b>	<i>is moving to</i>	<b>Tell me</b>
<b>Uniform</b>	<i>is moving to</i>	<b>Biodiversity</b>
<b>Immediacy</b>	<i>is moving to</i>	<b>Want to wait</b> (for special products and services)
<b>Simple communication</b>	<i>is moving to</i>	<b>Stories</b>
<b>All year round</b>	<i>is moving to</i>	<b>Seasonal</b>

## Monday, 22nd October – OPERATIONAL SESSION

*CIES – The Food Business Forum would like to thank*

*Marks & Spencer, Sainsbury's, Tesco, Waitrose and Whole Foods Market*

*for their hospitality in welcoming the groups to their stores.*

YOUR M&S

**Sainsbury's**  
making life taste better

**TESCO**  
Every little helps

**Waitrose**



**STORE TOUR PROGRAMME**



## **PLENARY DISCUSSION FEEDBACK**

During the second day of the Future Leaders Congress, delegates visited a number of high profile stores in London – Marks & Spencer on Kensington High Street, Sainsbury's on the Cromwell Road, Tesco in Kensington, Waitrose in Bloomsbury and Whole Foods Market's new store on Kensington High Street. Working in teams, they observed the stores both as a whole and with regard to one assigned category from the following:



- ✓ fresh fruit and vegetables
- ✓ fresh meat and fish
- ✓ dairy
- ✓ fresh convenience
- ✓ dry/ambient grocery
- ✓ ambient drinks (alcoholic and non-alcoholic)
- ✓ frozen
- ✓ non-food household



On returning to the Congress hotel, Demetra Pinsent from McKinsey led the teams through a series of questions after which they shared their observations with the broader group in plenary. Delegates shared a truly impressive range of new and planned industry practices from around the world, and a summary of those which relate to the broader question of carbon emissions and climate change is separately attached.

Delegates also had the opportunity to hear edited interviews with UK consumers about their attitudes to climate change. The session concluded with an open discussion about how best the industry could move forward – and a powerful and inspiring consensus around the critical importance of education, both for the industry and for its customers.

Below we set out some of the highlights from each section of this discussion.

### **Observation of stores**

Congress delegates brought back a rich set of observations from the stores. Their data made clear how great the variation in practice between categories was, which themes were most clearly communicated to customers – and that there were some great examples of good practice to consider taking home.

## Variation between categories



Delegates observed that responses to energy consumption and climate change were very mixed between categories. So in fresh categories such as **fruit and vegetables** and **meat and fish**, evidence of greener thinking was easy to find (for instance, Sainsbury's deliberately excluding fish rated as "red" for environmental and ecological impact) – whereas in **fresh convenience**, it was harder (though delegates were impressed by the corn starch packaging used by Marks & Spencer). In **dairy**, only one retailer – Whole Foods – was perceived specifically to have addressed the whole supply chain. **Frozen foods** was seen as a "forgotten" category (perhaps symbolically, delegates were impressed by how much Waitrose had shrunk the category), while there was little that excited the two teams looking at **drinks**. But in **household**, visiting delegates were impressed by the availability of branded products like Ecover, Tesco's new line of cleaners produced from natural ingredients and products which were designed to operate at lower temperatures. In **dry grocery** there were some great practices across the CSR agenda, both in terms of energy use and climate change, and in terms of health and ethical sourcing.

## Some themes are clearer than others

As teams reported back to the Congress, it was clear that some aspects of energy use and climate change are getting more exposure than others. In particular, delegates observed very little in the way of **direct references to climate change** and, with the exception of a few products like the low temperature detergents, not much explicit engagement with **energy efficiency** in the manufacture or use of products (though delegates observed good practices with freezers which weren't being communicated to customers). In contrast, there were frequent attempts to offer customers **local sourcing** choices, and generally across the stores, a high profile for **recycling** both in terms of packaging design and facilities provided to customers. There was very little in the way of a reconciliation or comparison between these energy/climate issues and **other CSR issues** (ethical sourcing, well-being and so on).



## Some great examples of good practice

As we have noted, delegates were able to observe some great examples of good practice. There was some very clear labelling in some categories – Sainsbury's were picked out by a number of delegates here – and general agreement that Marks & Spencer had genuinely compelling communication and the ability to tell a story around these issues. Tesco had introduced a credible private label with

environmental credentials and during the feedback session, we learned that Sainsbury's were about to do the same thing. Waitrose were so clearly committed to ethical practices that one delegate described them as "floating on a raft of goodwill". In the words of one team, Whole Foods Market "won our hearts" for their theatre and excitement – but were also picked out for the clarity and simplicity of their communication about environmental issues.



### Hearing from some UK customers

During the Congress, delegates saw a series of videos produced by McKinsey's Retail Practice, featuring UK customers interviewed in their own homes. On Day 1 of the Congress they had been shown talking about broader shopping behaviours and attitudes, but now they were shown talking about climate change and both their and the industry's response to it.

Summing up, Demetra Pinsent from McKinsey observed that three messages came out very clearly from the videos:

- ❖ **customers are really confused:** they know climate change is important, but they don't have the right mental model (consistently, this group of customers could only explain climate change in terms of a hole in the ozone layer, and did not understand the implications of greenhouse gases trapping radiation within the atmosphere). It's hard to understand the importance of carbon footprints if you don't understand the importance of carbon dioxide
- ❖ **there's a strong sense of good and bad:** the customers in the videos used a very moral language about what constituted good and bad behaviour, and were evidently highly committed to doing the right thing. Even if they couldn't explain why a particular practice or behaviour was good, they felt it was important that they did it
- ❖ **they look to the industry to help them:** even if they were concerned to do the right thing, the customers thought the industry should help them do it – partly by improving assortments and in any case, not passing on additional cost.

### Opportunities for the industry

The session closed with an inspiring discussion about how the industry could work going forward. There was a strong consensus about the critical importance of **education**. As one delegate put it: "It's very complex and wide-ranging. So we can't expect the customer to understand it first time."

But at the same time, delegates were candid about their own limitations. As another delegate observed: "We need to be really clear about what we are trying to communicate, and first and foremost we need to understand these issues ourselves. I think all of us have a long way to go in that respect and we should bear that in mind."

Another consistent theme was the role that **clear common standards** could play – observations of food labelling practice in the UK supermarkets was relevant here as an example of what could be done. Having industrywide symbols would be a start, although delegates expressed a range of views about whether this needed to be through formal legislation, independent regulation and verification or through a trade association (as had been the route for bar codes). This was closely linked to the issue of **competition versus collaboration** around these issues. As one delegate said of his team’s discussion: “We recognised that we are causing much of the confusion by what we choose to brag about.”

Another theme of the discussion was whether **to follow or lead the customer**. One delegate observed there was always a difference between what customers said about their aspirations and the hard facts about how they acted. In the videos, one of the customers had asked why she couldn’t buy cheese with less packaging, but “actually she’s driven by price.” One of the Marks & Spencer delegates reflected on the launch of Plan A: “Perhaps we are half a step ahead of the customers and that’s good for a retailer, because that’s where they are going to be tomorrow.”

But beyond timing, delegates raised **some more direct questions**. Should manufacturers “re-localise” some of the production they’ve so successfully consolidated over the years? Should retailers just “take the climate killers out” on behalf of their customers? Should they force them to have moments of truth – opportunities to calculate their carbon footprint in-store and make a commitment to changed behaviour?

In any case, the Congress was in general agreement: we have to make the issue of climate change **simpler for our customers**, both in terms of understanding and action.



## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Albert Heijn <i>Netherlands</i>	Recycling/materials	<p>Customers have to pay for plastic carrier bags, which are themselves made from recycled plastic. The stores also encourage customers to use cardboard boxes from refill to take shopping home in.</p> <p><i>Selma Postma, Albert Heijn</i></p>
Albert Heijn <i>Netherlands</i>	Greener energy	<p>Together with a national energy supplier, Albert Heijn made an exclusive offer to their customers: buy greener energy for the price of normal energy – and receive €30 in Albert Heijn gift vouchers as an additional incentive.</p> <p><i>Bernd Weustink, Albert Heijn</i></p>
Andros <i>France</i>	Packaging Supply chain efficiency	<p>Andros are a fruit transformation and dairy producer. They produce probiotic drinks in 100ml bottles. Previously the bottles were produced in the finished format, and delivery included substantial “air” being transported. Andros now buy flat plastic and make/mould the bottles themselves. That’s resulted in 30% less material being used and a substantial saving in road miles – in flat form, many thousands more bottles are delivered per load.</p> <p><i>Alastair Chrystal, Andros</i></p>
Andros <i>France</i>	Greener energy Water awareness	<p>Andros now employs an anaerobic digestion water purification system which naturally recovers energy in the form of biogas, thus producing additional energy while consuming less in the process of rendering water fit to be returned to the environment.</p> <p>Olivier Rudaux, Andros</p>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Bristol Farms <i>United States</i>	Greener energy	Bristol Farms are using the oil that is used to fry food products as a source of fuel for their trucks.  <i>Adam Caldecott, Bristol Farms</i>
Carrefour <i>Belgium</i>	Packaging	Biodegradable packaging for organic vegetables, and reducing the packaging required for pre-pack meat.  <i>Hilde Decadt, Carrefour France</i>
Carrefour <i>Belgium</i>	Recycling/materials	Re-usable carrier bags made from 100% recycled plastic, and reinforcing changes in behaviour through loyalty programme.  <i>Hilde Decadt, Carrefour France; Yann Picard, Carrefour France</i>
Carrefour <i>Poland</i>	Recycling/materials Energy consumption	New store design and specification to minimise environmental impact and improve energy efficiency, working in close co-operation with the Polish government.  <i>Robert Nocen, Carrefour Poland</i>
Carrefour <i>Poland</i>	Customer education	TV loops running in stores which give practical advice about how to lead a "healthy life".  <i>Robert Nocen, Carrefour Poland</i>

CIES FUTURE LEADERS: GREEN THINKING		
Idea source	What it's about	How it works
Carrefour <i>Malaysia</i>	Recycling/materials	Reduction of plastic usage both through customer communication and a series of recycling initiatives.  <i>Sivakumar Kanapathy Haridas, Carrefour Malaysia</i>
Central <i>Thailand</i>	Recycling/materials	Loyalty scheme driving the bag-for-life cycle – accumulated spending earns the bag in the first place, and continued use of the bag generates further loyalty points and hence rewards.  <i>Benchawan Ongsri, Central</i>
Coca-Cola <i>France</i>	Energy consumption	Energy control systems that can be installed in existing front opening coolers which automatically adjust the temperature of the cooler to respond both to external temperature variations and the flow of people (i.e., powering down when the area is empty as well as at night).  <i>Gilles Leclerc, Coca-Cola</i>
Coca-Cola <i>France; Italy</i>	Recycling/materials Water awareness	Reducing the water required to manufacture 1 litre of Coca-Cola from 2 litres to 1.5 litres, and using vegetation naturally to clean waste water; similarly, water savings at the Nogara plant in Italy.  <i>Véronique Surget, Coca-Cola; Mauro Marelli, Coca-Cola</i>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Coca-Cola <i>Hungary</i>	Water awareness	Supporting the rehabilitation of the Danube and the Drava rivers by initiating and supporting related activities, including educating customers about managing and using water.  <i>György Galántai, Coca-Cola HBC Hungary</i>
Coca-Cola <i>Romania</i>	Recycling/materials Energy consumption	Long term commitment to reducing bottle weight; recently, by switching from 26g to lightweight 22g PET bottles, there's a 13% saving in energy consumption.  <i>Ovidiu Burghel, Coca-Cola HBC Romania</i>
CONAD <i>Italy</i>	Recycling/materials Supply chain efficiency	CONAD have introduced RPCs – reusable plastic containers – for their produce supply chain and for direct merchandising on the floor. Apart from being used multiple times, the sides fold down to allow a smaller cube for backward logistics.  <i>Giuseppe Zuliani, CONAD</i>
CONAD <i>Italy</i>	Greener energy	Installation of solar panels on the roof of the store to generate energy.  <i>Giovanni Panzeri, CONAD</i>
Delhaize <i>Belgium</i>	Recycling/materials	Withdrawal of free plastic bags and replacement with biodegradable bags sold for €0.05 each.  <i>Roeline Ham, Delhaize; Kris Van Strydonck, Delhaize</i>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Delhaize <i>Belgium</i>	Greener energy	From early 2007, Delhaize Belgium has only purchased green energy for all its stores, distribution centres and its support office.
Dr Oetker <i>Germany</i>	Energy consumption	Incentivising sales representatives to consume less gasoline on sales visits.  <i>Stephanie Becker, Dr Oetker</i>
Ecolab <i>Germany</i>	Energy consumption	Reducing waste through new packaging and dispensing systems.  <i>Juha Veijalainen, Ecolab</i>
Ecolab <i>Germany</i>	Energy consumption Supply chain efficiency	Use of solid soap for warewashing [cleaning/sanitising of equipment and utensils, including crockery, pots and cutlery in foodservice environments] eliminates the unnecessary transport of water mass and volume, but is also safer for users and requires significantly less packaging.  <i>Andreas Sobek, Ecolab</i>
Food Lion <i>United States</i>	Energy consumption	Energy efficiency in lighting built into the design of new stores – from the store front itself (throwing significant light onto produce) and lighting for the store and the offices and skylights for backrooms, no lighting over the frozen food and so on; accreditation with Energy Star.  <i>Jerry Fleeman, Food Lion; Delony Spraggins, Food Lion</i>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Gustav Paulig <i>Finland</i>	CSR transparency	<p>The company has published its first corporate social responsibility report, examining their performance “from bean to cup” and complying with Global Reporting Initiative guidelines, covering economic, social and environmental responsibility.</p> <p><i>Katri Ojalehto, Gustav Paulig</i></p>
Hannaford <i>United States</i>	Energy consumption	<p>The company has established a sustained corporate focus on energy management and has earned the EPA’s Energy Star Leader designation. Improvements in lighting, refrigeration and air conditioning have already produced a performance which the EPA calculate as being 40% more efficient than comparable stores. Currently the company is installing renewable energy sources at store level, and is planning a groundbreaking store in 2008 which will be capable of Platinum certification from the US Green Building Council – something which typically involves solar photovoltaic panels, a green roof, geothermal heating and cooling, high-efficiency refrigeration, energy-efficient lighting and an advanced recycling programme.</p> <p><i>Megan Hellstedt, Hannaford</i></p>
Harvest Organic <i>Ireland</i>	Recycling/materials	<p>New fully biodegradable packaging for organic soups and soya products.</p> <p><i>Liam Kelly, Bord Bia, Ireland</i></p>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
ICA <i>Sweden</i>	Customer education	<p>Launch of a very high quality, interactive customer education website at: <a href="http://www.ica.se/klimat/">http://www.ica.se/klimat/</a> which sets out a series of questions and lessons about food preparation and storage in order to drive energy saving through less food waste. Encourages buying within season, using a weekly food planner and provides recipes for using left-overs.</p> <p><i>Stina Andrén, Kerstin Lindvall, Peter Munck af Rosenschold, Madeleine Pettersson : ICA</i></p>
ICA <i>Sweden</i>	Energy consumption	<p>Selling low energy lightbulbs at a significant discount and, as an incentive, giving away reusable shopping bags from a celebrated designer.</p> <p><i>Maria Ljung, ICA; Johan Wiklund, ICA</i></p>
ICA <i>Sweden</i>	Energy consumption	<p>The growing number of smaller households means that the energy wasted through food waste can represent a more adverse environmental impact than marginally higher proportions of packaging to total mass – so ICA have increasingly started ranging smaller sizes, such as small size milk bottles.</p> <p><i>Magnus Stadig, ICA</i></p>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
ICA <i>Sweden</i>	Supply chain efficiency Energy consumption	<p>With improvements in IT support, the company can reduce the waste caused by excess product at store level, and with comparable IT support to the replenishment process, ICA calculate it is possible to reduce transport loads from their suppliers to ICA by around 2,000 lorry loads per week.</p> <p><i>Niclas Hjortenmark, ICA</i></p>
Kesko <i>Finland</i>	Recycling/materials	<p>Introduction of the Pirkka 100% biodegradable shopping bag, manufactured principally from cornstarch but with the same tensile qualities as conventional plastic bags. Although it can safely be burned, it is designed to compost within 40 days.</p> <p><i>Riitta Laitasalo, Kesko</i></p>
McDonald's <i>United Kingdom</i>	Recycling/materials Greener energy	<p>Having already been using used cooking oil to make soap, McDonald's is now converting all of its UK delivery vans to run on biodiesel made from combining the used cooking oil with rapeseed oil.</p> <p><i>Vasco Brinca, Daymon</i></p>
Marks & Spencer <i>United Kingdom</i>	Recycling/materials	<p>A fleece made from approximately 11 recycled PET bottles, saving around 6,000 barrels of oil that would otherwise be consumed in making the same number of garments.</p> <p><i>Richard Flint, Marks &amp; Spencer</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
<p>Marks &amp; Spencer <i>United Kingdom</i></p>	<p>Carbon footprint</p>	<p>M&amp;S have carried out a detailed lifecycle calculation of their carbon footprint for all their foods – from raw materials to processing and selling, and from home cooking to disposal. This analysis of course drives the prioritising of the most important areas for action to reduce carbon footprint overall.</p> <p><i>Phillip Symons, Marks &amp; Spencer</i></p>
<p>Marks &amp; Spencer <i>United Kingdom</i></p>	<p>Educating customers</p>	<p>Communication with and from customers central to launch and delivery of Plan A – results of recent survey said that whereas in 2003 50% of customers said it mattered to them that M&amp;S was a responsible business, this figure had increased to 97% by last year.</p> <p><i>Christine Barker, Marks &amp; Spencer</i></p>
<p>Marks &amp; Spencer <i>United Kingdom</i></p>	<p>Carbon footprint Energy consumption</p>	<p>Development of “eco-stores” to pioneer use of new technology and techniques for greater environmental efficiency: lighting, refrigeration and ventilation systems which have lower consumption patterns; timber responsibly sourced; rainwater and condensation-harvesting and so on. The stores will use 25% less energy and have half the carbon dioxide emissions of comparable stores.</p> <p><i>David Merricks, Marks &amp; Spencer</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Marks & Spencer <i>United Kingdom</i>	Supply chain efficiency	Introduction of the teardrop trailer – lightweight and with an aerodynamically more efficient shape, it both increases vehicle fill and reduces fuel consumption.  <i>Daniel Hadfield, Marks &amp; Spencer; Andy Crum, Marks &amp; Spencer</i>
Marks & Spencer <i>United Kingdom</i>	Supply chain efficiency	Prototype electric delivery van for city centre shops – a zero emission vehicle that can cover 120 miles between battery charges.  <i>Daniel Hadfield, Marks &amp; Spencer</i>
Marks & Spencer <i>United Kingdom</i>	Packaging	Switch to cartonboard sandwich pack, with a clear window made from maize and with both conventional front-opening and a zip opening at the back which converts the pack into a plate.  <i>Daniel Hadfield, Marks &amp; Spencer</i>
Marks & Spencer <i>United Kingdom</i>	Recycling/materials	Introduction of new reusable carrier bags.  <i>Yvette Sowerby, Marks &amp; Spencer</i>
Meny <i>Norway</i>	Energy consumption	Doors on all chilled cabinets to save energy.  <i>Alexander Gulbrandsen, Meny</i>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Monoprix <i>France</i>	Supply chain efficiency	<p>Monoprix have entered a scheme with the City of Paris and SNCF, the French railway network, to build a rail link between their distribution centre at Combs-le-Ville and the freight facilities at Bercy. In turn, the store deliveries to their 60 stores in the French capital will be made by vans powered by natural gas. It's estimated that this solution will reduce carbon dioxide emissions for this part of the supply chain by 75%.</p> <p><i>Valentine Bauret, Agro-Développement</i></p>
NorgesGruppen <i>Norway</i>	Energy consumption	<p>Many of the chain's stores are now saving significant amounts by keeping cold and chilled air inside fridges and freezers by adding doors and/or plastic curtains: now plans for using warm air output from chiller units to heat up the stores. Overall, the chain has a 25% energy consumption reduction target to achieve by 2012.</p> <p><i>Svein Optjernberget, NorgesGruppen; Helge Valeur, NorgesGruppen</i></p>
Pick'n Pay <i>South Africa</i>	Recycling/materials	<p>After the law changed to force retailers to charge for plastic bags, Pick'n Pay introduced "Green Bags" for R5 – and to give R1 from every sale to a special environmental fund.</p> <p><i>Darrell Pietersen, Pick'n Pay; Andre Nel, Pick'n Pay; Jacques van Wyk, Pick'n Pay</i></p>
Pick'n Pay <i>South Africa</i>	Energy consumption	<p>Energy control systems which actively conserve energy by powering off non-essential lights and systems.</p> <p><i>Darrell Pietersen, Pick'n Pay</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Pick'n Pay <i>South Africa</i>	Recycling/materials	<p>Pick'n Pay have introduced their own fully biodegradable product – including for products like cleaning and washing-up fluids.</p> <p><i>Jarett van Vuuren, Pick'n Pay</i></p>
Sobey's <i>Canada</i>	Recycling/materials Energy consumption	<p>Like many retailers, Sobey's has introduced a reusable bag (and will replace it for free if it wears out), but is now looking to manufacture a reusable bag locally rather than in China, from a manufacturing co-op that hires women in difficulty; lower carbon footprint, greater community involvement, high quality production and helping maintain employment in Québec.</p> <p><i>Guy Terroux, Sobey's</i></p>
Sobey's <i>Canada</i>	Energy consumption	<p>During the summer months – when there is an increased demand for energy generally – Sobey's 330 Ontario stores now switch off half of their lights in order to save energy – a move which is progressively being emulated by other grocers in Ontario.</p> <p><i>Joanne Forgione, Sobey's</i></p>
Spar <i>Austria</i>	Recycling/materials Energy consumption	<p>Introduction of eco-friendly shopping bags made from potato starch (“To pack nature in nature”) as part of new organic store in Graz. Energy savings from local production rather than transportation from China. While more expensive than alternative bags, judged a success.</p> <p><i>Carmen Wieser, SPAR Austria; Nicole Berkmann, SPAR Austria</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Tengelmann <i>Germany</i>	Supply chain efficiency Energy consumption	<p>German discount store Plus – a subsidiary of Tengelman – has tackled the local sourcing issue for dairy products by dividing Germany into four regions – north, west, south and east – and selected regional dairies to supply their stores within each, limiting transport within these boundaries. Each dairy's geographical location is printed on a map on the product packaging.</p> <p><i>Claus Fischer, Nordmilch Germany</i></p>
Unilever <i>United States</i>	Supply chain efficiency Energy consumption Recycling/materials	<p>Launch of double concentrate liquid detergent Small &amp; Mighty: smaller and lighter for the customer for the same amount of cleaning power, but also significant supply chain efficiency gains in terms of both cube and mass as well as consuming less material and energy in packaging production.</p> <p><i>Joe Adamo, Unilever USA</i></p>
Unilever <i>Brazil</i>	Customer education	<p>Unilever partnered with Wal-Mart in developing the <i>casa do bem</i> – a show house itself made from recycled materials which was exhibited in store to educate customers about small behavioural changes with the potential to make a big difference. The project was replicated online with a high quality interactive site, which can be visited at <a href="http://www.casadobemwmul.com.br/">http://www.casadobemwmul.com.br/</a> [see also under Wal-Mart]</p> <p><i>Ricardo Fonseca Marques, Unilever Brazil</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Wal-Mart <i>Brazil</i>	Customer education	Wal-Mart partnered with Unilever in developing the <i>casa do bem</i> – a show house itself made from recycled materials which was exhibited in store to educate customers about small behavioural changes with the potential to make a big difference. The project was replicated online with a high quality interactive site, which can be visited at <a href="http://www.casadobemwmul.com.br/">http://www.casadobemwmul.com.br/</a> [see also under Unilever]  <i>Ricardo Fonseca Marques, Unilever Brazil</i>
Wegmans <i>United States</i>	Recycling/materials	Again, like many other retailers, Wegmans offer a reusable bag – though rather larger than some, in that each can take up to 25lb in weight. They cost just \$0.99 when purchased in conjunction with a Shoppers Club card.  <i>Olga Harvey, Daymon</i>
Woolworths <i>Australia</i>	Water awareness	Appointing a single day – 23 January 2007 – as National Drought Action Day in support of Australian farmers. All profits from Woolworths and Safeway supermarkets were given to the Country Women's Association to distribute both for immediate relief efforts for the farming community and into research into sustainable farming practices (there is a strong belief that the drought is part of a broader pattern of climate change).  <i>Peter Heywood, Woolworths Australia</i>

CIES FUTURE LEADERS: GREEN THINKING		
Idea source	What it's about	How it works
Woolworths <i>Australia</i>	Recycling/materials Greener energy	53 of the 764 stores operated by Woolworths in Australia have a waste programme in place for green waste that is composted to produce methane – that's then converted to electricity and sold back into the electricity network. The compost material is sold on - as compost.  <i>Adam Beegling, Woolworths Australia</i>
Woolworths <i>Australia</i>	Recycling/materials Energy consumption Water awareness	New store design incorporates equipment to reduce energy usage, water use, waste generation and minimises the use of harmful material.  <i>Paul Downie, Woolworths Australia</i>
Woolworths <i>Australia</i>	Carbon footprinting Energy consumption	Woolworths Australia have published explicit targets for carbon dioxide emissions, and have made fuel changes – for instance, switching to natural gas fired ovens, and using alternate fuel types for their company car fleet.  <i>Cameron Webb, Woolworths Australia</i>
Woolworths <i>South Africa</i>	CSR transparency	In pursuit of a virtuous circle linking economic growth, transformation, poverty alleviation, the environment and climate change, Woolworths have launched their <i>Good Business Journey</i> : a 5 year plan towards 2012 which has four key priorities: accelerating transformation, driving social development, enhancing our environmental focus, and addressing climate change.  <i>Dorothy McClaren, Woolworths South Africa</i>

## CIES FUTURE LEADERS: GREEN THINKING

Idea source	What it's about	How it works
Broader thinking	Recycling/materials	<p>In Norway, the Norsk Resirk non-profit co-operative handles returns and recycling of bottles and cans across the economy . Customers pay and receive back a deposit on each item. This is so effective that the most recent figures show 93% of all recyclable bottles and 80% of drink cans come back into the system.</p> <p><i>Christian Myredal, ICA Maxi, Norway; Terje Christoffersen, ICA Norway</i></p>
Broader thinking	Recycling/materials	<p>A new Dutch government tax will, from 2008, tax packaging at 1% by value, but the money gathered will be used to fund recycling initiatives.</p> <p><i>Marije Schouten, Albert Heijn</i></p>
Broader thinking	Supply chain efficiency Energy consumption	<p>Local farmers in networks around large cities pack and distribute organic fruit and vegetables to the customer's doorstep – orders taken by internet or phone and delivered on a weekly basis.</p> <p><i>Joakim Karlsson, ICA Sweden</i></p>
Broader thinking	Greener energy Water awareness	<p>Demonstrated capability through concept stores of using renewable energy to reduce energy costs and carbon emissions. Rainwater recovery for toilets and fire protection systems, etc.</p> <p><i>Tobin Haywood, Reine de Dijon</i></p>

**CIES FUTURE LEADERS: GREEN THINKING**

Idea source	What it's about	How it works
Broader thinking	Recycling/materials Energy consumption Water awareness	Construction of office building at P.K. Halstead Associates which was purposefully designed to minimise impact on the environment: 100% wood construction with a flexible concept; on-site water purification; on-site composting and natural lighting (leading to approximately 40% saving in electricity costs).  <i>Benoît Koutny, P.K. Halstead Associates</i>
Broader thinking	Recycling/materials	An Australian cross-industry initiative on packaging recovery increased overall recovery from 48% to 56% in just one year.  <i>Tony Mahar, Australian Food &amp; Grocery Council</i>
Broader thinking	Organization	Appointing a project manager with specific responsibility for CSR.  <i>Guy Tiebackx, Süko</i>
Broader thinking	Recycling/materials	Plastic bottles made from corn oil.  <i>Brian George, Alex Lee</i>
Broader thinking	Energy consumption	Legislation to encourage/enforce use of closed chiller and freezer cabinets.  <i>Hans Feenstra, Nielsen</i>

**CIES FUTURE LEADERS: GREEN THINKING**

<b>Idea source</b>	<b>What it's about</b>	<b>How it works</b>
Broader thinking	Energy consumption	Introducing TV remote controls with a separate standby button so that this function can be disabled easily, reducing constant power consumption from anything from 0.5-3.0 watts to zero.  <i>Steve Hughes, Marks &amp; Spencer</i>

## Tuesday, 23rd October – LEADERSHIP SESSION

### Winning hearts, minds and hands through responsible leadership

*Dr. Kevin Money, Director, John Madejski Centre for Reputation, Henley Management College*

“Power is given as well as taken,” Dr Money said. Therefore, a good way to define leadership is to study followers. According to Henley’s research, followers want leaders to:



- Be themselves, with skill – authenticity wins through
- Have situation sensing skills.
- Show empathy – and people will want you to succeed.
- Be different – it allows them to legitimize your leadership.
- Have faults – if you pretend you don’t make mistakes, your followers will pretend they don’t.
- Have vision – i.e. a good story.

Stories are important to leadership: they resonate and tell us where we fit in. They are the framework that gives stakeholders a sense of the long term direction. They connect emotionally with the listener. Most classic “mission statements”, Dr Money argued, are not a strategy but an outcome and far too boring to motivate. Followers need a quest, and yet most managers fail to become leaders because they settle. There is a need to connect to something bigger than yourself and build a legacy.

#### **KEY LEARNINGS FOR FUTURE LEADERS**

- Build meaning
- Build belonging
- Connect to emotions
- Build a story that is bigger than yourself
- The responsibility debate builds a quest
- Use your faults

## **Back to the Future of Retailing**

### ***Raymond D. Ackerman, Chairman, Pick 'n Pay***

“If you fight for the consumer, she will look after you. Fight monopolies, fight collusion, fight, apartheid, fight anything that’s wrong on behalf of the man on the street.” So said Raymond Ackerman, as he paid tribute to those who had shaped and influenced his success over 40 years of managing South African retailer Pick ‘n Pay. Among early influences were his undergraduate teacher Professor WH Hutt. “Like a doctor serves his patient, you’ve got to serve your customer. If your mission doesn’t *show* consumer sovereignty, you won’t succeed,” was the professor’s lesson. In the late 1950s Mr Ackerman attended the NCR’s Modern Merchandising Methods (MMM) seminars in the US. Here he acquired from marketing guru Bernardo Trujillo a symbol that would become the heart of Pick ‘n Pay’s operational ethos: a table with four legs. The consumer sits on top and is your mission; the four legs of your enterprise are:



- Sound administration.
- The right merchandise at the right price – “It means fighting collusion and cartels.”
- Social involvement – “I think its cardinal but a lot of people miss out on it.”
- People – “This links directly to the third leg.”

#### **Mr Ackerman also shared additional wisdom he gained from the MMM seminars:**

- You don’t bank percentages, you bank money – a small profit on mass volume is central to Pick ‘N Pay’s model
- Buy forward on a rising market
- Don’t maximize market share – “Any fool can open 100 stores at no profit.”
- Doing good is good business
- It takes 90% guts, 10% capital

### **And from 30 years of CIES participation:**

- The power of networking
- The importance of franchising
- Formats
- Food safety
- The value of succession planning

From Gottlieb Duttweiler of Migros in Switzerland, Mr Ackerman learned that the more a business gives away, the more money flows back. “He encouraged me to run my business on the pursuit of principles rather than profits. It is adherence to this advice that has seen us through some very difficult times.”

### **THE WAY FORWARD : ACKERMAN’S BUSINESS PRACTICES**

- Efficient distribution
- Franchising
- Technology
- Consumer trends
- Food safety

Looking forward, Mr Ackerman distinguished between business *practices*, which should always change and evolve to stay in step with the market, and business *principles*, which should never change. He remembered being dismissed from a job at 35 for having ideas and challenging leadership. “Imagine that – fired for having an idea.” Decades on, Mr Ackerman leaves as his legacy of leadership “a strong, ethical company that helped build South Africa”. In closing, Mr Ackerman told his own company representatives: “Boys, if you change the social responsibility after I die, I will come back and haunt you forever.”

### **THE WAY FORWARD : ACKERMAN’S BUSINESS PRINCIPLES**

- Integrity of top management
- Consumer sovereignty
- Decentralization
- Social responsibility
- Importance of staff

## **Change Leadership – in Business and Society**

*Charlotte Oades, Director, Corporate Identity, Public Affairs and Communication, Coca-Cola European Union Group*



We do business in societies, not markets, Charlotte Oades argued. Therefore, to achieve sustainable growth we need to build sustainable communities. But no one company, government or NGO can find solutions on its own. There is a need to collaborate. Thanks to the internet we now have a globally empowered consumer and your team is made up of consumers too. More than ever, your team members want to see you, as a leader, standing up for what you believe in. Coca-Cola's commitment to "renew, recycle, replenish" means replacing "every drop of water" used in its drinks to achieve balance in communities and

nature, she said. As the largest private employer in the whole of Africa, the company had launched an AIDS awareness scheme, taking its "love life caravans" into communities to educate on safer sex. Above all, employees want their leaders to be agents of change.

### **COCA-COLA VALUES**

- Leadership: the courage to shape a better future
- Passion: committed in heart and mind
- Integrity: be real
- Accountability: if it is to be, it's up to me
- Collaboration: leverage collective genius
- Innovation: seek, imagine, create, delight
- Quality: what we do, we do well

## **Sustainable London**

*James Bidwell, CEO, Visit London*



By 2012, 75% of people will live in cities. In turn, cities are responsible for 75% of global carbon use. The effects of global warming, such as extreme weather events and drier summers, have recently put pressure on London's water supply. The city's Mayor, Ken Livingstone, has begun a campaign to influence "simple behavioural change" among Londoners to help reduce emissions. Elements involve switching off lights and converting to energy-efficient bulbs, with the carrot offered that householders will save up to

GBP 300 a year on energy bills if they follow all the guidelines. Perhaps more importantly, the campaign also includes a drive towards cheaper, more efficient decentralized energy sources and the installation of LED lighting in public spaces. The city's aim is to achieve GBP 100,000 of annual savings by 2012. "This is the critical issue of our generation and we need to take leadership in this," Mr Bidwell said.

The presentation raised some questions, however. By 2012, China will have 100 million outbound tourists. Visit London is pushing ahead with a major PR drive to attract them, along with a growing consumer class in India, and reap the economic benefit. In parallel some 34% of London's emissions come from aviation, demonstrating the complexity in marrying profitability and sustainability.

## **KEYNOTE CLOSING ADDRESS – Be. You. Now.**

*Caroline Sami, Chief ID:ologist, ID:ology*

Central to Caroline Sami's interpretation of leadership is the notion of personal authenticity. She compared the fates of Kenneth Lay, who died of a heart attack while awaiting sentencing for his role in the Enron fraud and Warren Buffet, the famous US investor who gave away USD 37 billion to the Gates foundation. "What does this have to do with my leadership style? I hear you cry. It has everything to do with it. One of these men was a fraud, the other is authentic."



Drawing on the teachings of psychologist Carl Jung, Sami promoted a process of self-realisation, which Jung called Individuation, as a way to achieve authenticity. In a world that rewards conformity, being yourself is not easy, but Sami claims it is essential for leaders. "I'll eat my children if it doesn't make you more successful," she pledged. She used the word "interiority" to describe the quality of a person who is able not only to introspect but "delve into, penetrate and ultimately deploy

themselves in a way that others don't". The key to achieving this is dispensing with any role-driven persona you have created for yourself. "Not somebody's parent, not somebody's boss, just yourself." She elaborated: "If you don't define yourself by a label, other people can't judge you by it."

The process is geared towards discovering each individual's "absolutes": the fundamental drivers of an individual's personality that transcend the personas he or she is obliged to adopt, such as parent or manager. "Once you find your absolutes, buy your clothes from there, choose your career from there ... When people tell me I don't act much like a mother or a boss, I say 'that's because I'm not acting'."

### **DISCOVER YOUR ABSOLUTES**

- Name a quality **you cannot stand** when you see it in others
- Are you sometimes brought to (joyful) tears for no apparent reason? You have seen one of your own absolutes reflected in what you witnessed.
- Think of a time you were accused of something you did not do, something that so offended you that your response was fierce. Here is another absolute.

In closing, Ms Sami told the folk story of a wise blind woman, challenged by a nay-sayer to guess "whether the bird I'm holding in my hand is alive or dead". Unseeing, the woman eventually replied: "I don't know. But I know that it is in *your* hands." Sami concluded: "What does this have to do with your leadership style? It has everything to do with it."

# NETWORKING AT THE CIES FLP CONGRESS 2007

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# THE CIES FLP CONGRESS 2007



## 2008

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**Questions?** Catherine FRANCOIS

Tel: (+33) 1 44 69 99 21

[foodsafety@ciesnet.com](mailto:foodsafety@ciesnet.com)

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Tel: (+33) 1 44 69 99 36

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**22<sup>nd</sup> April**

*Tokyo, Japan*

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**Questions?** Catherine FRANCOIS

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## The CIES World Food Business Summit

18<sup>th</sup> – 20<sup>th</sup> June

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**Questions?** Rhoda LANE-O'KELLY

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5<sup>th</sup> – 7<sup>th</sup> October

Washington, USA

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**Questions?** Rhoda LANE-O'KELLY

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2008

9<sup>th</sup> – 10<sup>th</sup> October

Vienna, Austria

## The CIES Supply Chain Conference

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**Questions?** Sharon JESKE

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November

**The CIES Marketing Forum**

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>> An event for executives in Marketing, Sales & Business Development and Customer Management.

**Questions?** Sharon JESKE

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[marketing@ciesnet.com](mailto:marketing@ciesnet.com)

2009

17<sup>th</sup> -19<sup>th</sup> June

*New York, USA*

**The CIES World Food Business Summit**

[www.ciessummit.com](http://www.ciessummit.com)

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