

E+Sd Energy  
& Store  
Development



# FMI Sustainability Store Tour

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# Before we get started...

- Today's session is being recorded.
- This presentation is for educational purposes.
- Any opinions expressed today are not created, sponsored or endorsed by FMI – The Food Industry Association.
- It is FMI policy to comply in all respects with U.S. antitrust laws.
- All participants in FMI meetings and events are expected to comply with applicable antitrust and competition laws. Avoid discussions of sensitive topics that can create antitrust concerns.
- Please mute yourself unless you are speaking.
- To ask a question at any time, please use the Chat feature.
- *We will designate the last 10 minutes for Q&A.*

# Store Tour

1. Why sustainability for food retail
2. Intro to Ratio Institute
3. Operational sustainability at your store
4. Making it happen at your stores
5. Discussion

## Why You're Here Today

American consumers visit grocery stores **twice per week**, and...

- 80% believe companies have a responsibility to help solve the climate crisis\*
- 75% want to hear more from companies on what they're doing to solve the climate crisis\*
- 68% believe they can make an impact on the climate crisis through sustainable purchases

*\*Source: 2021 Porter Novelli's Business Action for Climate Crisis Report*



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# Why We're Here Today

## Ratio Institute Mission

To accelerate the viability and measurable sustainability in food retail through expert collaboration, industry resources, and practical tools.



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# Our Methods

## Expert Collaboration

Corporate Sustainability Implementation

Research + Guides



## Industry Resources

Regulatory Compliance Strategy

Sustainable Food Retail Certification



## Practical Tools

Educational Audits

Employee Engagement + Training



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What is operational sustainability anyway?



Operational Sustainability

Workplace Practices

Infrastructure Investments



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Let's take the tour!



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# Setting the Tone



# Remove Outdoor Vending Machines



# Remove Outdoor Vending Machines



2000-3000 kwh/year =  
\$300 per year in increased  
costs

x 200 stores = \$60,000

\$60,000 in increases  
expenses =  
\$1.1 million in sales needed  
for the whole chain



# Air Vents



## Air Vents



\$1,971 in increased annual costs (per 20 feet blocked)

\$35,478 in sales equivalent

200 store chain needs to increase sales by \$7.1 million



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# Divert Food Scraps

64-gallon tote = 512 pounds

4 totes per week = 1 ton

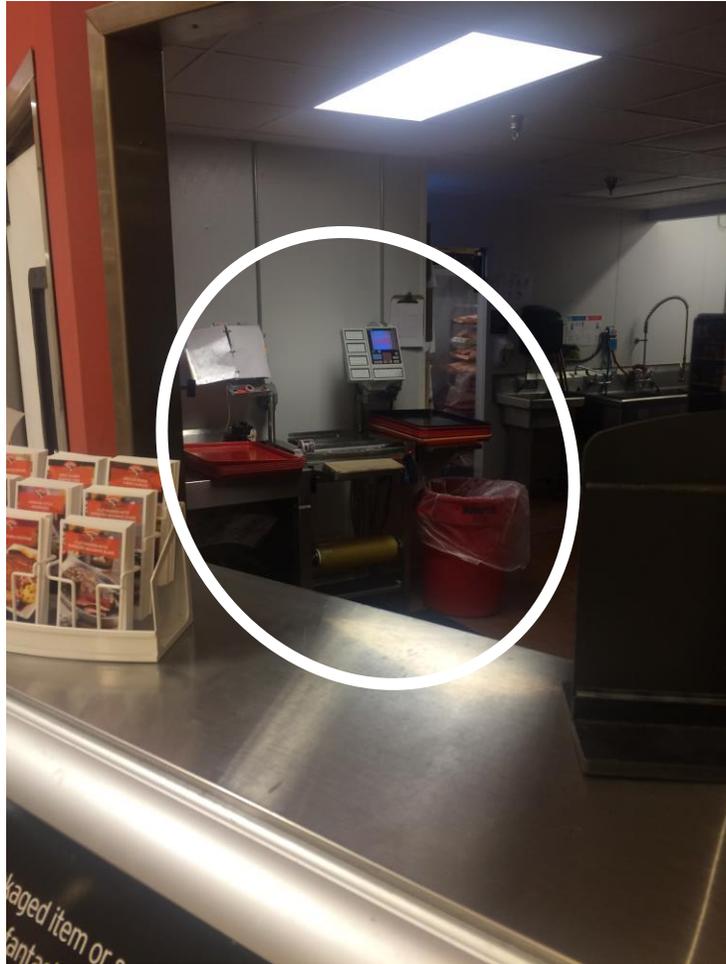
\$0 - \$2,000 in annual increased costs (if in the trash @ \$0 - \$38/ton)

\$14,000 required in increased sales per store

200 store chain needs to increase sales by \$2.8 million



## Turn off Appliances



\$274 in increased annual costs per year for each appliance

\$4,927 in sales equivalent

200 store chain needs to increase sales by \$985k



# Iced Seafood Displays



# Ice-less Seafood Displays



# Ice-less Seafood Displays



\$5000 in increased annual costs

\$90,000 in sales equivalent

200 store chain needs to increase sales by \$18 million



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# Check for Leaks



# Check for Leaks



\$1,460 in increased annual costs

\$26,280 in sales equivalent

200 store chain needs to increase sales by \$5.3 million



# Recycling



\$22,000 in revenue  
if 2 bales/day @  
\$30/bale

200 store chain can  
receive up to  
\$4.4 million/year in  
cardboard revenue  
if 2 bales/day



# Employee Engagement & Why it Matters

- 81% lower absenteeism
- 18% lower turnover for high-turnover companies
- 10% higher customer loyalty
- 18% higher productivity (sales)
- 23% higher profitability

Source: [2021 Gallup Employee Engagement Report](#)





## The Need for Systems

- It's hard to manage these varying factors
- Certification streamlines this
- Ready for ESG reporting
- Transparency + commitment for your employees
- Benchmarking your operational sustainability practices





## Opportunities to Engage with Ratio Institute

- Grant funded opportunity
- Endorsed by regional grocers' associations
- Stores in:
  - New England
  - Pacific Northwest
  - Southeast + Florida



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## Discussion / Q&A

- What does operational sustainability look like at a grocery store?
- How can a store's operations impact your company's sustainability goals?
- How can you translate your corporate sustainability goals into measurable progress at the store?
- How does this affect the morale of your associates?



# Thank you + stay in touch!

## **Peter Cooke**

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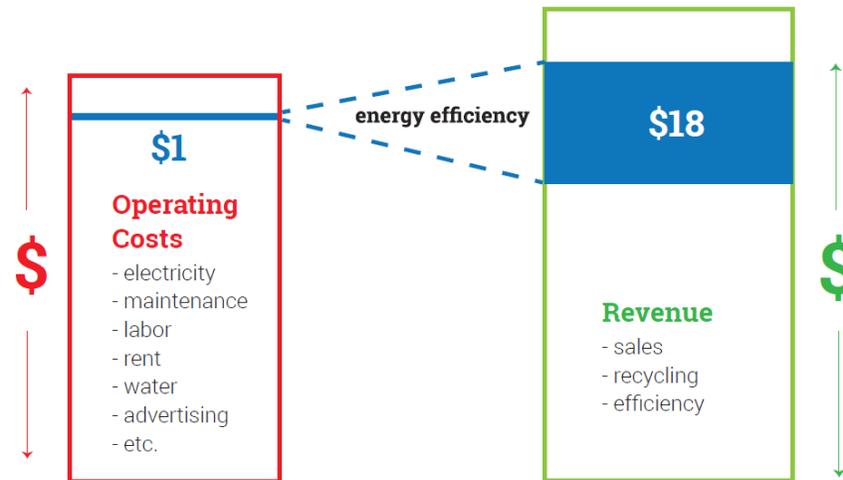
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# The Economics of Efficiency for Food Retail



The EPA, working with retailers such as Food Lion, updated their calculations to model operating expenses as scaling with sales. The updated figures are:

- A \$1 decrease in energy costs has an equivalent effect on operating income as an \$18 increase in sales.
- A 10 percent decrease in energy costs has an equivalent impact on operating income as a 1.26% increase in sales.

The reason this number is so drastically different from the older “\$1 saved = \$59 in increased sales” statistic is that the EPA applied a different methodology. The 2009 calculation calculated “equivalent sales” as (1 / gross profit margin, as opposed to 1 / net profit margin). In other words, the newer approach assumes that operating expenses scale 100% with increased scales, as opposed to the older methodology, which assumes that all expenses (including interest and taxes) scale with increasing sales.

