

# Why Sustainable Food Needs Big Business, and Why Business Can't Do It Alone



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The short answer to “Why sustainable food needs big business?” is that both challenges and solutions are driven primarily in the market. Food and agriculture globally account for more greenhouse gas emissions than all transportation, 70 percent of all fresh water use, and employment for more than a billion people. Small farms and small businesses are vitally important parts of the system, but the magnitude of the challenges before humanity require that we work at both ends of the system – the big end and the small end - with the largest possible impact on the greatest number of people and acres as fast as possible.

I wrote the first draft of this article as I prepared for a talk to the Sustainable Agriculture and Food Systems Funders. They asked me to be the pro-business person in a debate about fighting or working with “the power.” I preferred a dialogue to a debate and so I offered some ideas about a multi-pronged approach. I suggested not only that sustainable agriculture leaders in NGOs and foundations need business, but also that business needs help.

Here’s the logic:

1. What do we want?
2. What are the common approaches?
3. What would it really take?

## **What do we want?**

At the vision level, most people want agriculture and food systems to be environmentally sustainable, just and fair, while producing healthy products and enabling community well-being.

Agreement is more difficult when we approach specific issues. Discussion sometimes turns to debate, and even acrimony, when the subject is pesticide toxicity or labor rights, for example. Difficult and unresolved as these disagreements are, we can still make progress in the right general direction. I don’t think that everyone needs to agree on the details in order to generate positive innovations. My experience is that if we can hold these differences in a container of respect and encourage practical actions among unlikely allies, people end up agreeing more than they thought they would.

After an early Sustainable Food Lab event I took the following comment as high praise: “You have been able to put dogs and cats in a closed bag. Everybody got out alive and, more amazing, respecting each other's different points of view and agreeing that we could achieve something together.”

### **What are the common approaches and will they accomplish our goals?**

The three most common approaches to sustainable food are a) build alternative models; b) tweak the mainstream system; and c) attack the mainstream system. My sense is that EACH of these approaches is sometimes useful, but none of them is proving adequate. We aren't getting where we want to go fast enough. One of my colleagues, Adam Kahane, likes to say that, “Change from the top-down doesn't work and change from the bottom-up doesn't add up.” So of course we have to do both.

Alternative models, from community supported agriculture farms to new urban markets, are frequently inspiring. Local food is my personal choice for freshness, flavor and to support local economies. These approaches, however, are not easily scalable, and global challenges are so acute that I believe we must address them at scale.

One alternative to the pioneering small farm and community projects is to support the incremental sustainability improvements of big business. When large companies make commitments to do things better they have huge impact. When Sysco, for example, established an IPM program for frozen and canned produce, in just the first year of the program they eliminated the use of 300,000 pounds of active ingredients of pesticides on more than 500,000 acres. Examples like this, however, don't yet add up to the magnitude of the transformation we need to accomplish. Trend lines for poverty, water shortage and climate change are headed in the wrong direction.

The reason that incremental improvements don't cascade through the industry at a sufficient rate is that the very structure of our economy resists systemic change—from the necessity of all publicly traded companies to grow quarterly numbers to the volume discounts and stocking fees that reward market power and resist innovation.

Because of structural resistance to change within the economy, the third common approach of activists is to attack mainstream businesses, although anti-corporate campaigns have mixed effects. On the one hand they can create an environment in which businesses face increased reputational risk and need to demonstrate responsibility, and such an environment can stimulate positive innovation. On the other hand many campaigns attack the very brands that are leaders in sustainability and thereby provide signals to others that the risk of being criticized for not doing better is so high that it's safer to do nothing. Campaigns also make companies very skittish about being transparent.

## What would it really take?<sup>1</sup>

My core answer to “What would it really take?” is that collaboration across boundaries is essential because no one sector has enough of both insight and influence. Farmers and communities can act only within limited boundaries. NGOs have the public good as their purpose, but NGOs have their hands on only a few levers. Businesses know how to deliver the most value for the least cost. By themselves, however, businesses governed by the ‘invisible hand’ of commerce will exploit the commons and externalize costs. Government has to set the rules, but government moves at the slowest pace of any of the sectors.

No definable group is responsible for governing the global food system, although nearly everyone agrees that over the next few decades agriculture must double food production with far less energy, water, and emissions while simultaneously ensuring that about 2 billion very poor people have decent livelihoods. This food system challenge, like challenges in energy, transport, urban design, housing and materials use, requires both ingenuity and institutional realignment.

We are still short on examples of getting to core systemic challenges—management of the commons or overcoming desperate poverty—in ways that reach scale. We are at the beginning of the beginning of inventing an economy that balances productivity and efficiency on the one hand with ecological and social integrity on the other hand.

In my judgment to execute at scale we need business. To make sure that the commons are stewarded and justice is ensured we also need the organizing and expertise of NGOs, and we need the rule-making power of government.

A web of partnerships is emerging, primarily among businesses and NGOs. I’m going to describe a few of those partnerships because they make me more hopeful about systemic change than I have been in more than 40 years of social change activity.

I’m hopeful because sustainability and social justice are becoming mainstream. I realize that many activists will be skeptical, so I’m going to first review some frequent criticisms of the mainstream food system.

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<sup>1</sup> You might also look at a book called *The Necessary Revolution* by Peter Senge and others.

## **The mainstream and what's said about business**

*“Corporate agribusiness is poisoning the earth and exploiting people, and big corporations’ engagement in sustainability is primarily to green-wash their reputations.”*

These statements are true, in some ways. Since corporations manage much of the food system, they are responsible for many of the negative impacts. “Externalized” costs to communities or rainforests are really not external at all. Someone has to pay.

Activists frequently fail to realize that businesses are, in fact, increasingly held responsible for the consequences of their whole supply chain, and many corporations are responding to this increased public responsibility by setting ambitious goals. There are examples on our Sustainable Food Lab website and on the SAI Platform website of companies reducing their carbon and water footprints, eliminating pesticides, supporting small farmers, and incorporating comprehensive sustainability criteria into their purchasing decisions.

One of the motivations for these actions is companies’ continual need to burnish their public reputations and consumer appeal. Every business wants a good reputation. It is in everyone’s interests, in fact, that corporate brands increasingly need to demonstrate social responsibility and sustainability.

There are also other important motivations for businesses to engage in sustainability. Food companies fear running out of supply, for example, if fisheries are exploited, water dries up, or farmers go broke. In addition to public relations and ensuring a reliable supply of ingredients, leading businesses see sustainability as important to guarantee quality, attract the best employees, and maintain access to capital.

These motivations and positive steps by business are good things, although, of course, they’re not yet adding up to a sufficient rate of progress. The atmosphere, forests, soils, and oceans are all on paths of diminishing resilience, and we humans depend upon the resilience of those systems. Many business leaders have exactly the same concerns, and I’m convinced that business has to contribute to the solutions because otherwise we won’t achieve them. Most of these contributions are most efficiently made through pre-competitive collaborations. Business decision-makers need experts, community partners, and civil society organizations to hold them accountable and to provide expertise and community engagement. The better businesses need the public sector to make sure that bad actors don’t gain advantage. When the incentives and rules are right, businesses can actually compete in a race to the top rather than a race to the bottom, with encouragement and support from civil society. That’s our strongest hope.

*“We need a whole new paradigm: small local production is the opposite of corporate agribusiness.”*

Local distinctive food is, as I wrote earlier, my choice. On our farm in Vermont we produce milk, beef, lamb, vegetables, honey, maple syrup, berries, yogurt and cheese. Our food is delicious. Our farm is small and well stewarded. Farm income is low, however, and the products are expensive. Our Cobb Hill Cheese sells for about \$15 a pound, with demand exceeding supply, and even though the income it provides to its makers is quite modest, the price of the cheese is out of reach of low income consumers. None of us involved in this farm has an easy way to either increase revenues or lower the costs of our products. We live in a world of economies of scale.

This is not to minimize the value of our wonderful small farm but rather to illustrate why such farms are part of the solution to our food system but not THE solution. Small farmers merit lots of support, particularly for their roles in landscape conservation, local economy vitality, and provision of seasonal produce and grass-fed meat and milk.

I spent 28 years in the rolling hills of Kentucky, more than half of those years farming for a living. The topography of rolling hills doesn't sensibly allow for very large farms. Wendell Berry lives in those hills and talks about “an appropriate ratio of eyes to acres,” meaning that if land is used to grow food, it needs careful attention. Economies of scale don't take account of this attention. European policy is ahead of US policy in devising ways to support the benefits of farming where farm income is more difficult. In the U.S. we could do a lot better job at providing incentives for what we want. We want to sustain working landscapes in rolling topography, and we want to provide incentives for large farms on easier land to farm when they build soil organic matter, reduce run-off, and lower the use of fossil fuels and pesticides.

Both small farms and large farms will likely persist. Mid-sized farms are perhaps the most endangered and the most important to fulfill our hopes for regional food systems. A healthy and sustainable food system will be as diverse as our bioregions, cultures, and values.

### **My own story**

Donella Meadows sowed the seeds for the Sustainable Food Lab when she launched a commodity research project with the question, “*Why, systemically, are places with rich natural resources so often on both the ecological and economic edge of survival?*” Sustainability Institute staff interviewed farmers, sawmill operators, economists, and agency leaders to create and test simulation models of agriculture, forestry and fishing.<sup>2</sup> When we later shared those models with colleagues and advisors, Peter Senge challenged us with this follow-up question, “How are you going to engage with the key players in these systems so they can incorporate the learning into their decisions?”

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<sup>2</sup> The corn and forestry models, insights from their development, and a paper integrating insights from all three studies are available at [www.sustainabilityinstitute.org](http://www.sustainabilityinstitute.org).

Peter's question gave me a mission that I had not before imagined. Would it really be possible to work with business leaders as well as farm groups and NGOs to tackle these systemic challenges head on?

Earlier in my life I had been a farmer and community organizer. I co-chaired the National Campaign for Sustainable Agriculture when it began. And I'd been part of many projects to create models of rural development or sustainability. I still feel both proud and personally renewed by many of these small models, like our farm and community at Cobb Hill in Vermont, but in the face of the larger trends in the world I had long felt, and tried hard not to feel, an underlying sense of naiveté and even hopelessness.

My guess is that most social change leaders of both campaigns and alternative models feel a bit of this fear underneath their need to tell heroic stories about what they are doing. We need these heroic stories ourselves, and we need them to enlist others. Our need to be heroic, however, can mask all sorts of doubts. It did for me. I hoped that my efforts would somehow be like David's against Goliath, but I feared that this hope was only wishful thinking.

Until the last several years I had found it hard to imagine how to directly impact the big issues, while I was at the same time frustrated wondering if community organizations, policy campaigns, and local demonstration projects were only "rearranging the deck chairs on the Titanic."<sup>3</sup>

When Peter Senge challenged my colleagues and me to identify and engage decision-makers, I chewed on the suggestion but continued to feel inadequate to work with people whom I had only debated in the past. About a year later, in 2002, Peter introduced me to Otto Scharmer, Adam Kahane and a community of people who were developing methods to work in partnerships across sectors, including multinational corporations but also smaller businesses as well as government and civil society leaders.

The Sustainable Food Lab became one of the applications of these collaborative methods. Lab members are testing how to redesign supply chains to achieve social and environmental goals as well as financial ones. Such a systemic redesign requires partnerships among the stakeholders because none of them can figure this out by themselves.

So far a group of amazing leaders from different continents and different parts of the system have inspired one another to try out innovative projects within supply chains. They know they are on a long trail, but they are learning along the way. Each of these projects marries profit with sustainability, sometimes uneasily, but, in the end, sustainability is shifting from niche to mainstream more rapidly than I would have predicted.

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<sup>3</sup> Kathleen Merrigan, recently Deputy Secretary of Agriculture, at a National Campaign for Sustainable Agriculture meeting in the 1990s.

The following description of the Lab is from Larry Pulliam, who was at the time Executive Vice-President of SYSCO. Larry made billions of dollars in purchasing decisions every year:

*“It’s pretty unusual that fierce competitors like SYSCO and US Foodservice can come together and work for the higher good. That’s what it’s all about. The essence, the power, of the Sustainable Food Lab is that we can do 100 fold, 1,000 fold, more together than we can do by ourselves. What we’re doing is the right thing to do, the good thing to do—for the world. It’s also good for our businesses. There’s a competitive advantage for SYSCO to be involved, but we can’t fully realize that competitive advantage without working together with others in this group to mainstream sustainability.”*

One of our early conversations among founders of the Sustainable Food Lab involved Jan Kees Vis from Unilever, one of the three largest food manufacturers in the world, and Oran Hesterman from the Kellogg Foundation, at that time the largest funder of sustainable agriculture projects in the US. Jan Kees and Oran described their ongoing investments in sustainable agriculture projects and their desire to influence the mainstream, but each expressed a sense that neither the Kellogg Foundation nor Unilever were powerful enough to do this alone. Partnerships were needed.

Over the succeeding year and a half, Adam Kahane and I interviewed dozens of food system leaders in the United States, Europe and Latin America. From these interviews, individuals were invited to join the Food Lab. The intention was to bring together entrepreneurial leaders seeking more rapid and far-reaching change in the direction of sustainability than their current efforts had achieved. By June 2004 a group of thirty-two pioneering leaders from different sectors—business, government, social and environmental NGOs—came together in the Netherlands. Now many more have joined, and about eighty organizations are involved.

Each person in the original core group joined with an intention to tackle problems that were too complex for their own organizations or sectors to tackle alone. Businesses needed NGO expertise on watersheds or poverty, for example, and NGOs needed business influence on market standards. One of the founders put it this way, “We are frustrated that the changes we see are too slow. They are not delivering the kind of improvements that secure the resource base for the industry for the next twenty years. How can we generate faster change? We are intrigued about the possibility the Food Lab can get such a diverse group working together creating something at the ground level and delivering change at the top of the system.”

Both corporations and NGOs are evolving. Unilever, for example, has made a commitment to source ALL its renewable ingredients from sustainable production by 2020. Oxfam has added a corporate engagement program to its portfolio of campaigning programs, and in many cases Oxfam sees working WITH corporations as an effective way to meet its social justice mission. In one of our projects Oxfam GB partners with Sysco in supporting about four thousand small vegetable farmers in the highlands of Guatemala to sell into a frozen food chain.

Our role, in the Sustainable Food Lab, is to germinate and support these projects and then share learning to accelerate replication. Sometimes the projects are with specific companies and NGO partners, and sometimes the projects involve consortia of organizations. In one of our new initiatives we have 15 company sponsors of a project to reduce the carbon footprint of agriculture around the world. We're also doing a project with the Ford Foundation, business, and NGO partners to design ways that global supply chains can best benefit small farmers and the poor.

While we work with large organizations to solve large problems, I know we are viewed askance by many of our friends, neighbors, and colleagues. People I respect wonder if I've sold out and if I'm "putting lipstick on a pig."

Speaking to audiences of sustainable agriculture funders and leaders, I certainly don't mean to argue that everyone should be following the same approach. My experience tells me, however, that business not only CAN but in fact MUST be part of the solution. Business can't do this by itself. They need other sectors to prod and pull, criticize and inform. They need partners, just as each of us needs partners. The fertile ground of systemic change is in this partnership space, both practical and visionary, because we need to execute as well as dream.