Redefining Affordable Nutrition

Living Cities Webinar
March 15, 2013
AGENDA

1) Doug’s path to where we are today
2) The problem to be addressed
3) The UFI model and approach
4) Update on progress to date and timing
5) Q&A
DOUG RAUCH: PERSONAL TRAJECTORY

- 31 years (the last 14 years as a President)
- Pivotal role in growing the business from a small chain with nine stores, to a national success story (over 325 stores in 26 states)
- Graduated from TJ’s in 2008

- 2-year Fellowship in Harvard’s Advanced Leadership Initiative, which focuses on tackling major social ills at scale
- Started UFI research and development in 2011

- Joined Conscious Capitalism movement in 2009 (currently CEO)
- Working to both change the narrative about business, and the way business is done in America
BRINGING SOLUTIONS TO 3 MAJOR PUBLIC ISSUES

Challenges:

**Hunger:** 1 in 6 Americans is food insecure

**Surplus:** 40% of food grown in the U.S. is never consumed (~5.4 billion pounds of annual surplus in supermarkets alone)

**Obesity:** 1/3 of all Americans are obese (50% higher than in 1990)

Solution:

Daily Table will turn the surplus food supply into a solution, providing nutritious quick-serve and grocery offerings at prices that compete with fast food, in a convenient retail setting that promotes dignity.

Sources: USDA, National Resource Defense Council, Center for Disease Control, Feeding America, Perishables Group
MULTI-FACETED COMMUNITY IMPACT

Daily Table’s approach will create significant community impact along a number of dimensions:

- **Economic Development**
  - Skills Training
  - Job Creation

- **Hunger and Nutrition**
  - Accessible, Affordable Food
  - Nutritional Awareness and Personal Agency for Health

- **Community Capacity-Building**
  - Synergies with other Community Organizations

- **Public Health & Wellness**
  - Reduction of Diet-related Illnesses
  - Positive Impact on Childhood Development and Learning

- **Positive Impact on Childhood Development and Learning**
IMPACT: HUNGER & NUTRITION

**Affordability**
Daily Table will provide healthy food options at a fraction of typical retail, making nutrition a “price-agnostic” decision.

**Accessibility and Awareness**
13.5 million Americans live in food deserts, and low-income communities have 25% fewer supermarkets per capita.

**Agency**
Dignity and personal choice are key factors for behavior change, with nearly 1/3 of those eligible for Supplemental Nutrition Assistance Program benefits (SNAP, or Food Stamps) choosing not to apply.

Sources: A Place at the Table, The Food Trust, Cornell University
IMPACT: PUBLIC HEALTH AND WELLNESS

**Nutrition Foundation**

Poor nutrition hinders cognitive and social development:
Children who are food insecure have lower test scores, poorer memory recall, and increased likelihood of needing specialty education and repeating a grade

**Societal Costs**

Poor nutrition is expensive for individuals and society at large:
Hunger costs the U.S. over $167B per year, in lost productivity, poor education outcomes, avoidable health care costs, and food charity programs

Sources: Health Resources in Action, Kellogg Foundation, Center for American Progress
IMPACT: ECONOMIC DEVELOPMENT

- Labor-intensive model will create ~75 new jobs at each location
- Jobs will provide a foundation of economic opportunity and can be key drivers of financial inclusion

Skills Training
- Investment in building the skills of staff through both job-specific training and life-skills training

Neighborhood Revitalization
- Active redevelopment of existing real estate assets, driving commerce and activity to the neighborhood
- Employment of local residents to help create wealth in the neighborhood
IMPACT: COMMUNITY CAPACITY-BUILDING

Daily Table will collaborate with a range of partners to leverage collective impact.
Business Model and Approach
INDUSTRY PARTICIPATION:
INCENTIVES AND SOLUTIONS

This model will be anchored in supermarket partnerships:

Positive impact for grocer partners:

1) A community-oriented solution
2) Positive financial impact (federal tax credit and avoided disposal costs)
3) Reliable solution for pick-up of perishable food items
4) Positive public relations
DAILY TABLE OPERATING MODEL

Rigorous sorting and quality control process

Limited purchases of additional food items

Commercial Kitchen

Grocery Shelves

Store Product Mix (Illustrative)

“Grab and Go” Meals

Speed Scratch Cooking

Fresh Perishables

Limited Basic Staples

Grocery Partners (daily distribution)

> Rotating, culturally appropriate recipes

> Sell at 30-50% of typical retail price

> Majority of inventory will be discontinuous
## Key Elements

- Underserved neighborhood - with limited access to healthy foods, close to residential areas and transportation, and strong community partners
- Compact footprint with retail, kitchen and community space
- Experienced operating team

## Pilot Objectives

- Test Operating Model and Impact
  - Logistics and operations
  - Training and workforce development
  - Labor efficiency
- Understand Customer Base
  - Shopping behaviors
  - Product mix and turnover, pricing
  - Customer satisfaction
- Establish Community Partnerships
  - Network of community partners
  - Educational and health-related programs
REPLICATION MODEL

The roll-out strategy will be shaped by lessons learned in the Boston pilot launch

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<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td><strong>Launch and Monitor</strong>&lt;br&gt;Refine operating model&lt;br&gt;Scope for three stores in Boston area&lt;br&gt;Package learnings for replication</td>
<td>Presence in at least 2 new metropolitan areas</td>
<td>National roll-out and implementation</td>
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- > Pace of roll-out and selection of cities based on lessons learned in pilot (e.g., population density, neighborhood and real estate attributes, etc.)
- > Extensive community outreach by location
- > Pilot model customized in each new city, based on local leaders, culture, demographics, and stakeholder needs
## WHERE WE ARE TODAY

### Organization
- Filed 501c3 application and incorporation documents
- Board leadership from Doug Rauch, Jose Alvarez (former CEO of Stop & Shop), Jay Martin (Partner at Manatt, Phelps & Phillips), Bill Walczak (Founder, former CEO of Codman Square Health Center)
- Community Advisory Council in development

### Operating Model
- Verbal commitments from anchor grocery partners
- Site selection in process, including feasibility review of as-built plans
- Currently recruiting for Executive Director / COO position

### Funding
- Official commitments made
- Proposals submitted and ongoing discussions for first tranche

### Partners and Support
- City-level support
- Community partners (health centers, faith-based community, other nonprofits)
- Program partners (cooking, education, nutritionists and dietitians)
SUMMARY

- Daily Table is a model to transform a problem into a solution
- Addresses challenge of providing affordable nutrition in low-income areas
- Creates a more sustainable financial model

It’s scalable: it works wherever there is a concentration of excess nutritional food (grocers, food service or manufacturers)

Retail has the ability to:
- Deliver dignity along with solution
- Drive job growth and be an engine of prosperity
- Educate customers and “nudge” behaviors
- Partner with health care providers
- Build long-term capacity in the community