Embedding Sustainability in the Potato Supply Chain

L-Lab Team: Rachel Carter, Shih-Hung Chen, Rya Conrad-Bradshaw, Adeel Niazi

Project Goal:
To develop recommendations for how to use contracts to drive systems change and sustainable solutions within PepsiCo’s potato supply chain, with a focus on the mature markets (US and UK)

Key Findings

1. Contract negotiations create negative tension and are a distraction
2. Relationships between buyers and growers are not built to achieve sustainability goals
3. The supply chain is hesitant to invest time and money in sustainability
4. Global SAg goals to execute against are not fully developed and communicated

Recommendations

Contracts
- Every contract includes sustainability clause
- Phased language depending on scale and maturity
- Pay for sustainability standards
- Decrease tension in contract negotiations

Supply Chain Relationships
- Align around sustainability
- Tie grower and buyer performance to SAg
- Lengthen timeframe for rewards
- Create memorandum of understanding
- Appoint sustainability

Investment in Innovation
- Facilitate sharing of best practices
- Pay for innovation (short- and long-term solutions)
- Create matching fund contests
- Share cost and risk of innovation with growers
- Invest in research and trials to develop best practices

Global SAg Goals
- Create specific goals (% acre certified)
- Involve growers and buyers in creation of goals
- Lead from functions, sustainability team = resource
- Develop executable plan
- Build SAg goals into performance reviews

Additional Scope:
- Opportunities in developing markets (AMEA)
- Relevance to other crops (Oats, Oranges)

Driving Systems Change

Start here

Define SAg goals

Build SAg in the supply chain and contracts

Build incentives and opportunities for buyers and growers

Develop resources and systems to innovate

Develop a specific and cohesive SAg vision

Relationships now nurture innovation through partnership and focus / resource investment

Class Tools:
- Stakeholder Interviews
- Creative Tension
- Habits of Thoughts and Action
- Conversational Model
- Enacted Systems
- World Cafe

Case Studies:
- Unilever
- McDonalds
- Costco
- Stonyfield Farms
- Nike