



## Fall 2022 Newsletter

*The New York Small Scale Food Processors Association (NYSSFPA) was formed to represent and inform all small-scale food processors. The organization's workshops educate by mentoring, teaching marketing, connecting farmers and processors for value-added production, and guiding food-entrepreneurs in the use of current approved processing practices.*

NYSSFPA is composed of the following officers and committees:

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Have a question?

Need some info?

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## President's Letter

"Social responsibility"

"Sustainability"

"Social Impact"

"Using business as a force for good"

Important terms in helping you grow your business-but what exactly do they mean??? More importantly, what do they mean to you! How can you achieve the ones which are meaningful to you?

Social responsibility- demonstrating your business' concern for the planet and people. This could include talking about recycling and waste reduction or providing good working conditions for your staff. It can also mean a percentage of the profits go to a worthy cause. Sustainability – showing how your business goes above and beyond to minimize its impact on the environment, or even to improve the environment. This could mean upcycling ingredients, running on 100% renewable energy, or sourcing ingredients from regenerative farms.

Social impact- using your business' resources to make people's lives better, above and beyond delivering a great product. Do you hire the disadvantaged? Do you pay a living wage? Do you have a diversity, equity and inclusion program? Do you provide volunteer hours, product donations, business resources to a local social service organization?

Using business as a force for good- running your business to be both successful and an example of responsible, transparent management. It means that by talking about your mission you may inspire others to follow and taking your impact on employees, community and the environment into account in your business decisions..

We have articles written by 3 of our members who have tied sustainability/social responsibility to their business in different ways. There is no "one" right way. This must be close to your heart and something you can do day in and day out.

Yes, becoming a socially responsible company does help you create that "point of differentiation" (business speak for showcasing your difference)-but you MUST WALK THE TALK. Your customers will see through you if you don't do what you say you are doing.

As we are faced with a greater understanding of the effects we have on our environment, we all need to evaluate the small steps we can take to help our planet and our people.

To your continued success

Kathrine

## **DOWN TO EARTH MARKETS AS A B-CORP**

Dacotah Rousseau, Managing Director

[Down to Earth Markets](#)



Down to Earth Markets runs farmers markets in New York City and Westchester County. Founded in 1991 with a mission to help ensure a future for small scale agriculture and food production in the New York area. But at the outset, the “how” and “why” behind Down to Earth’s mission were very personal to founder Miriam Haas’ view of the kind of world she wanted to live in. She saw a need for a local food system and stepped in to help create one.

By 2012, the mission was the same but the work had grown to encompass many farmers markets and a broad range of farmers and food makers. It was time to formalize Miriam’s vision with a company mission statement, which was developed

in collaboration with the staff. Having a mission statement is not unusual for a for-profit company these days, but Down to Earth’s mission went beyond running a successful business that satisfies customers and shareholders. It included consideration for community and the environment and argued for the importance of an independent local food system that provides an alternative to industrial food. Down to Earth’s management team was inspired by the idea of a “triple bottom line,” which puts social and environmental impact on the balance sheet right alongside income. While not unheard of, this blurring of the line between business and social impact was unusual and there weren’t many guides to help Down to Earth Markets navigate the path.

One significant exception was B Corp certification, available since 2006, which is a voluntary demonstration of a company’s commitment to using business as “a force for good.” The B Impact Assessment helps a company measure its impact on all of its stakeholders, including employees, suppliers, customers, communities and the environment. Down to Earth became certified for the first time in 2014, and it has helped guide thinking about how to fulfill our mission and measure our impact but also connected us to useful resources and like-minded businesses. We have found certification to be a positive tool in marketing messaging and helpful in explaining our still-not-so-common business model to the outside world.

However, applying for B Corp certification is a rigorous process that can take months and extensive information gathering, comes with a certification fee, and often results in the realization that there’s still so much more to do. Certification also has to be renewed every three years, and B Lab has announced a restructuring of their process to make certification even more rigorous in the coming years. Some small businesses may find the process too daunting, but it’s just one approach to placing a social mission at the center of one’s business plan. Social enterprise – using business to further a social mission – is now a familiar concept to most consumers. Even companies that don’t adopt a triple bottom line know that their customers want to hear about their environmental and social impact.

The good news is that the B Impact Assessment is available to all businesses for free, whether they intend to become certified or not, and you can access it here: <https://www.bcorporation.net/en-us/programs-and-tools>. We highly recommend it as a tool for exploration and reflection because every business, no matter its size or goals, can benefit from considering its impact on the world. The results may inspire you to take on a new initiative or just make small, incremental changes to improve your score. Either way, you will know just how powerful your business can be when it decides to be a force for good.

## Why Sustainability Is Important For The Small Food Producer And Their Customers

By Margot Reiss aka ["The Soup Lady"](#)



### THE SOUP LADY

If you are a small producer, then buying local ingredients is a key factor to sustainability. When you buy from local farms you are getting fresher, healthier products, providing local jobs, reducing transportation costs, reducing pollution, creating a cleaner environment, and you are cutting out the middleman, so you can keep prices down for your customers.

Just like us, local farmers are small producers - passionate about what they do. They want to maintain the integrity and future of their farms. Most small-scale farms do not use synthetic, industrial pesticides, which are dangerous to humans, pets, wildlife, and pollute our land and waterways. Local farms use less water, plant and harvest in season, so nothing sits in a warehouse for months. This provides tastier and more nutritious products than the artificially grown, chemical-laden, tasteless vegetables grown on factory farms.

Making vegan soups, I use a lot of produce! I want to use the freshest, healthiest, tastiest ingredients in my soups, all while trying to keep costs down for both the business and the customer. Most customers are well-educated, health-conscious shoppers who will support local products. They come to trust you as a producer and they know that they are supporting their community, local jobs, the environment, all while getting a great product at a great price.



### Harlem Baking Co. Uses Glass Jars Creatively

By Charles Devigne of Harlem Baking Co

Our decision to use glass jars came more from a necessity than any other reasons. We wanted to bake our incredibly tasty but fragile cheesecakes in a smaller container so that our restaurant patrons could order them for take out and delivery and a glass jar was the obvious choice. Finding the right jar was more complicated than I imagined, the choices available were remarkable. Not only had we to choose the "perfect ounce size" but we also had to decide the mouth size, the shape, the transparency, the type of lid etc... I had never thought how complex a simple glass jar could become. Once we did find the "perfect" jar, then we had to make sure there were enough available for us to build our business around. The 2020 pandemic turned everyone into home bakers and glass jars disappeared from the shelves, forcing us to get very creative in order to find more supplies. We began to look nationally for jars but we also reached out to our local and online community offering customers to return 5 used jars in exchange for a complimentary dessert; incentive or not, people rejoice at being given the opportunity to do their sustainable part for I can't tell you how often we found an anonymous bag of empty jars carefully placed on our front door knob (like little orphans reunited with their family).

Although the glass jar began as a means to an end, it has now become an integral part of our business model and identity. Our customers love them for their practicality, their sustainability and their esthetics...and of course for what was baked inside them, but that's another story.

## **FEATURED ARTICLE: Food Companies and Social Responsibility: Doing Well by Doing Good**

It's never bad to do good. But sometimes it's not easy.

Food and beverage companies are increasingly seeking to burnish their image through social responsibility initiatives. On the websites of one major food and beverage processor after another, there are pages after pages devoted to sustainability, diversity, a better future – many of them displayed very prominently.

Social responsibility is certainly popular, but what is it? There are a number of paths to go down: sustainability, in all of its many forms; diversity and inclusion, both within and outside the company; animal welfare, for those who deal in meat, milk or eggs; and other causes. The first task for a company wishing to raise its social-responsibility profile is to choose where to concentrate its efforts.

This can be a daunting task, says Marina Severinovsky, head of sustainability-North America at Schroders, an investment management firm that specializes in corporate responsibility. “Business sustainability means tackling the pressures exerted by increasingly informed consumers, more fragile and exposed supply chains and growing regulatory scrutiny,” Severinovsky says.

To have a positive impact on both image and bottom line, a company should pick goals that align with its market, have a good chance of resonating with most of its consumers, and can be achieved through realistic adjustments – to operations, packaging or some other aspect.

Pamela Grinter, a partner with law firm Fox Rothschild and co-chair of its ESG (environmental, social & governance) group, says companies must first decide who needs to benefit from a given initiative.

“The first step is to determine the company's relevant stakeholders; employees, customers, suppliers and community members who are integral to the company's business,” Grinter says. “Working with the stakeholders, senior staff and the board of directors, the company should determine what material environmental, social or governance issues are important to the business. After this analysis, the company can develop a strategic plan or initiative to address those material ESG [environmental, social and governance] issues, which may include a directed performance improvement plan.”

Sustained effort

The most common, and arguably the most logical, choice of social justice initiatives in the food and beverage industry is sustainability. All of the top 10 companies by U.S. sales have active sustainability initiatives, many of them across multiple fronts.

And there are a lot of fronts. Aspects that regularly get included in sustainability initiatives include encouraging (or mandating) sustainable agricultural practices by the farmers who supply a company; sustainable manufacturing practices, such as using less water or electricity, and generating less waste; better packaging, often meaning less overall, and less use of virgin plastic; and other initiatives.

Sustainability is a natural fit precisely because it has so many aspects. And it's been drawing a lot of attention.

According to an estimate in Science magazine, up to 26% of greenhouse gases are generated by food – raising it, processing and transporting it, and discarding it.

Sustainability is also a natural fit because it draws such a high level of interest among consumers, especially younger ones.

“You have to look at where it collides with the consumer,” says Hank Cardello, a Forbes columnist and executive director of the Leadership Solutions for Health + Prosperity program at Georgetown Business School. “When you look at segmented data, it's clear that millennials and now Gen Z are all over this – to the point where they don't want to purchase products where they don't have some kind of purpose to them and they're doing something constructive.”

Many of the largest players in the industry are working on multiple aspects of sustainability. It's not unusual for a company to have active initiatives on sustainable agriculture, processing, packaging and more. Many of these follow a standard playbook, like reducing water use or cutting back on packaging.

## **Food Companies and Social Responsibility CONT'D**

Others are more creative. PepsiCo, for example, has developed a way to capture and reuse the condensate from the steam it uses to heat snack chip fryers. This method will cut the water used for this purpose in half, while also saving on energy. PepsiCo pioneered this method in Kolkata, India, and plans to introduce it to “nearly 30 potato chip manufacturing plants in high-water-risk area,” the company said in a statement.

### **Bringing the Pain**

Certain kinds of sustainability initiatives carry an incentive besides burnishing a company's image: saving money. Many of them involve reducing something: water use, electricity, packaging.

PepsiCo raised \$35 million in funds for programs to teach consumers what can and cannot be recycled, in a program it calls the “All In on Recycling challenge.”

However, there are other initiatives that are more painful to carry out because they involve a practice or material that's uniquely suited to a given product. Probably the most prominent example of this is plastic.

As a packaging material, plastic, in its various forms, performs beautifully; it's light, airtight and protects products well. But its ubiquity, combined with the fact that it doesn't degrade – once a piece of plastic is formed, it's basically eternal – make it one of the most visible, and vilified, sources of pollution on the planet.

The problem, from the perspective of food and beverage processors, is that there isn't a very good alternative to virgin plastic. Recycled plastic is consistently in short supply and usually higher in price, due to various factors, including high demand and the disorganized nature of American recycling. Biodegradable plastic is also expensive and often doesn't perform as well as virgin. The same goes for other alternatives like bottles made from wood fiber, currently being tested by Keurig Dr Pepper.

That could be one reason why companies tend to defer the problem by making pledges – promising to cut back or even eliminate the use of virgin plastic by a certain date. Coca-Cola pledges to have 50% recycled content for its soft drink packaging by 2050 (although that includes aluminum cans, which are far easier to recycle). PepsiCo has announced a goal of 25% recycled content in all beverage bottles by 2025, and Keurig Dr Pepper says it will cut its use of virgin plastic by 25% by 2025.

Pledges are a good way to get credit for intentions before a company actually does anything. And in some cases, they can help consumers accept the necessity for things like packaging changes or higher prices.

But the problem with pledges is that they're liable to be broken, for reasons that are often beyond a company's control. Coca-Cola announced in 1990 that it would use at least some bottles made from 25% recycled plastic, but it quietly phased them out four years later. PepsiCo couldn't live up to a promise to increase the overall soft drink container recycling rate to 50% by 2018.

Companies that break such a pledge can always hope that consumers forget them, which is a strong possibility, according to John Stanton, professor emeritus of food marketing at St. John's University (and a former Food Processing columnist): “I think that most people won't remember what the pledge was, to be honest with you.” But that doesn't mean that breaking pledges is without consequences. Sometimes they are remembered, and they get companies accused of “greenwashing.”

“Many companies are making public commitments about reducing their environmental impact because they feel like they need to say something to remain competitive in the marketplace,” says David Colvin, a partner with Fox Rothschild and co-chair of its ESG group along with Pamela Grinter. “But some of those companies have faced claims of greenwashing because their environmental-impact claims were made for marketing purposes only (to appeal to environmentally conscious investors or consumers) and there was no effort by the company to actually implement the stated environmental initiative.”

Possible negative consequences of such actions include legal action by shareholders, adverse action by government regulators or loss of investment by institutional investors and lenders, Colvin says.

## **Food Companies and Social Responsibility CONT'D**

### **The ABCs of DEI**

One of the strongest corporate social-responsibility imperatives in recent years has been diversity, equity and inclusion (DEI) – a catchall phrase that generally means employing more minorities.

Every one of the top 10 food and beverage companies by sales has some sort of active DEI initiative. It's a popular measure because it speaks to a major and growing concern. It's also something that can't be easily monitored from outside, especially when it comes to internal hiring practices.

The problem is that DEI initiatives can draw backlashes, especially if a company tries to impose them externally, on the organizations it does business with. A recent example of such a backlash happened when the general counsel of Coca-Cola sent letters to law firms that the company had used, warning them that unless they met goals for having minority lawyers on their staffs, they could expect a loss of business from Coca-Cola.

The letter drew criticism from conservatives who said that it amounted to reverse discrimination. The counsel, Bradley Gayton, left the Coca-Cola job only eight months after taking it, and Coca-Cola ended up explicitly disavowing his approach. (Gayton did not respond to a request for comment.)

### **Slave Cocoa**

Trying to impose standards of conduct on others, by declaring that you won't do business with anyone who doesn't meet those standards, is always tricky. It can be a viable approach, especially for large companies with a lot of market influence. But it also gives companies more exposure to adverse market conditions or other events, and by limiting the choice of suppliers, can drive costs up.

Perhaps the most prominent example is the issue of slave labor in cocoa. Most of the world's cocoa comes from small farms in West Africa, and many of them use children as laborers, in conditions that amount to slavery. Big chocolate processors periodically pledge not to use cocoa that comes from slave labor. They promised, collectively, to eliminate it by 2005, then 2008, then 2010. But in fact, the prevalence of child labor in agricultural parts of Ghana and Ivory Coast, the two largest exporting nations, increased from 31% to 45%, according to a survey by the U.S. Labor Dept. The problem is that purifying the supply chain this way would increase the cost of cocoa to a point that mainstream processors could not sustain.

To successfully persuade suppliers or others to follow a food company's lead, it helps if the issue is prominent and has broad popular support. It helps even more if pressure is coming from an external source, such as the company's own trade customers, or even the law. That's the case with one of the hottest current social-justice issues: animal welfare.

Companies that deal in meat and eggs are undergoing increased scrutiny relating to how the animals that provide them are treated. Arguably the most successful such recent initiative has been with treatment of laying hens. Activists have been pushing for years to mandate a minimum size for the hens' cages; California and Massachusetts recently put such laws into effect.

"I would say that it's a combination of both the market and legislative demands," says Josh Balk, vice president of farm animal welfare for the Humane Society of the United States. He says the drive to help animals is firmly rooted among consumers: "The public is viscerally disgusted with the treatment of animals in this cruel and inhumane way, and it's no surprise that they're outraged that a company isn't doing their part in eliminating this cruelty from their own supply chains."

Motivation for corporate social responsibility initiatives can come from the ground up, or laterally, from within the supply chain. But usually they have to come from the top. A company's approach to responsibility is a core part of its corporate identity, and its leaders have to be the ones taking the initiative.

"I don't like to use the word morality, but I think having purpose, doing the right thing and demonstrating good moral leadership is kind of what Adam Smith said in the first place," Cardello says. "So moving in that direction I think is the right way to go."