

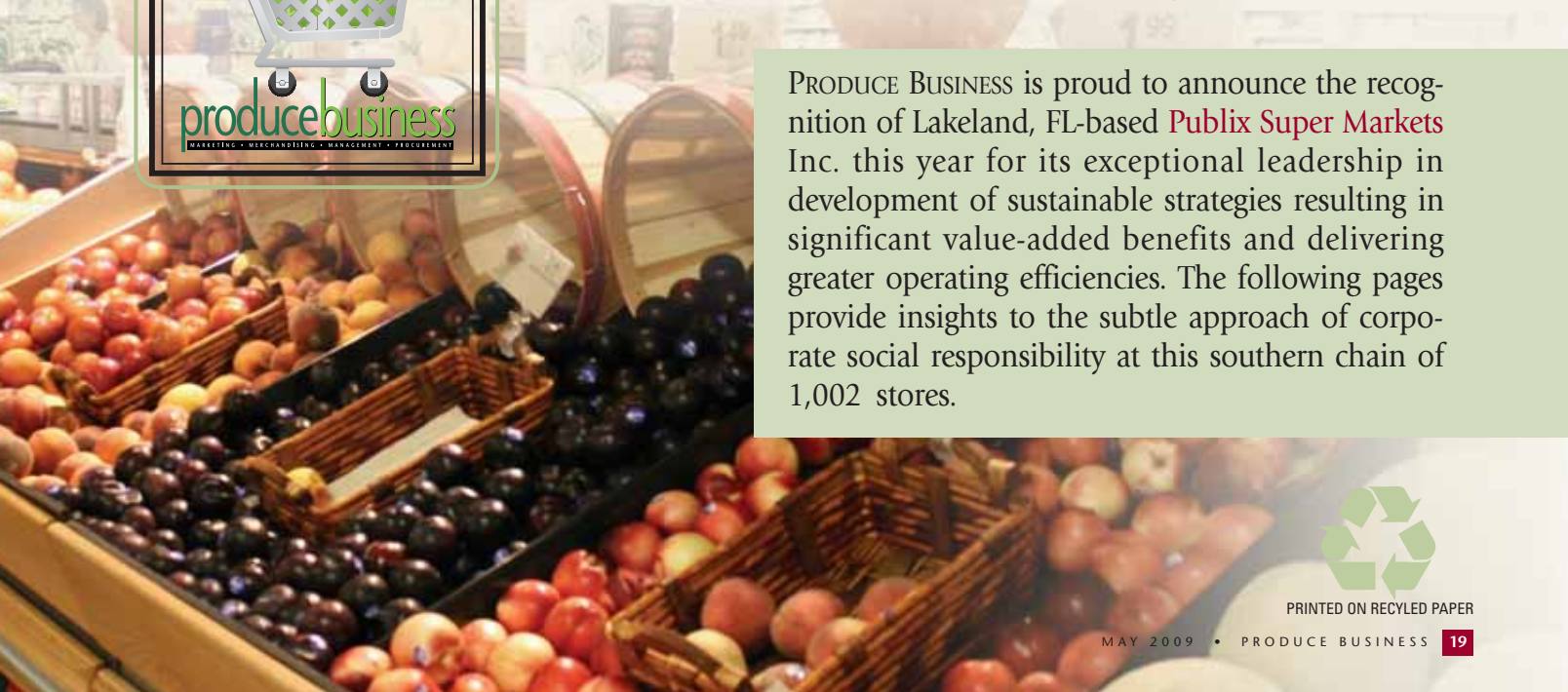


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1st ANNUAL PRODUCE BUSINESS Retail Sustainability Award

PRODUCE BUSINESS is proud to announce the recognition of Lakeland, FL-based **Publix Super Markets Inc.** this year for its exceptional leadership in development of sustainable strategies resulting in significant value-added benefits and delivering greater operating efficiencies. The following pages provide insights to the subtle approach of corporate social responsibility at this southern chain of 1,002 stores.



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PUBLIX SUPER MARKETS:

Subtle Sustainability With Substance

BY MIRA SLOTT

Talk is cheap and for some companies, sustainability is being composted, compacted and recycled into a public relations buzzword polluted by smoke and mirrors.

Publix Super Markets, the private, employee-owned, regional giant, which has shied away from the trade press over the years, prefers subtle sustainability grounded in substance. More comfortable keeping business strategies close to the belt, the supermarket chain has been making a genuine difference with understated determination and purposeful momentum, long before sustainability and corporate social responsibility were hip and fashionable, and often cloaked in synthetic ethical and moral superiority.

Publix deserves this award for three significant reasons:

1) PUBLIX WITH PURPOSE

Top Down, Bottom Up: Exercising corporate social responsibility within the community is a mantra engrained in the firm's culture, a long-term commitment instilled by its CEO, Ed Crenshaw, and encouraged with incentivized employee buy-in.

Crenshaw's grandfather and Publix founder, George Jenkins, had a saying — paraphrased here — that the company can be a little bit better place, or not quite as good, because of the associates of the company. "Years later, that still resonates. It's in all our break rooms and it's something that we very much live by," explains Maria Brous, director of media and community relations. She should know. It's her 19th year with Publix and she describes herself as a "Publix lifer."

Valued voices are indeed resonating throughout. Publix generates a grassroots atmosphere of fresh, innovative ideas and inter-department, cross-functional teamwork at all levels. The process involves brainstorming and debating the merits and costs of different proposals, then testing and re-working platforms before slowly rolling them out to make sustainability a reality chain-wide.

An associate in the floral department came

up with a great idea to recycle floral buckets, conducting a little work study in her store. "We recycle several million of those buckets every year now," says Michael Hewitt, manager, environmental services, noting, "If we had not pushed sustainability all the way down to the associate level, then those kinds of ideas would not be able to bubble back up."

Hewitt, a second-generation Floridian and lifelong Publix customer, joined the company about three years ago to apply his expertise in environmental engineering and years working with various regulatory agencies and other private companies. "When I got to Publix, I was very excited because what I found was a culture already in place. People were passionate about not just the basics of recycling and energy conservation and water conservation, but really interested in doing the right thing and supporting the community."

In talking about sustainability, sometimes the "people element" gets lost, Hewitt emphasizes. "When Publix is looking for new talent — for that next generation that's going to run the company — the message of sustainability is another way for us to reach out to that talent pool," he says. People want to be a part of something, to feel that their input counts. Hewitt continues, "Young people, especially coming out of college, are willing to take a job for less money if it's with a company they believe in, that they admire, that they believe is doing the right thing."

"We all have skin in the game," says Brous. "This is a personal investment and commitment, and you'll hear that throughout our company." Once you're on board, everybody's in the same place with the same intensity and expectations. In an industry haunted by labor issues and employee turnover, the evidence speaks for itself: It is estimated that the firm spends an average of \$6,000 in training of its associates within their first 30 days, and the majority of turnover happens within the first 90 days. Store managers average 25.4 years of service, she says, noting a district manager just received his 55th year service award; it's not uncommon to see associates that are "lifers."

Brous points out that Dave Duncan, vice president for facilities, likes to say Publix was green when it wasn't cool to be green, leading the way in this effort since the 1970's, whether driving early customer acceptance of reusable grocery bags and recycling efforts, or driving the first hybrid cars.

"We have one of the most environmentally friendly fleets, with over 170 light-duty hybrid vehicles," says Hewitt. The benefit is not just fuel savings. It also helps reduce our carbon footprint and sends the right message. "Sustainability is not a destination, it's a journey," prophesizes Hewitt. "Sustainability is really a philosophy that's been with Publix since the beginning, and it's one that will continue for as long as Publix continues."

The commitment to excellence in sustainability extends to its supplier partnerships. Publix demands high standards internally and expects the same of its produce suppliers, which it monitors and grades using vendor score cards. Brous acknowledges Publix is often viewed as a tough retailer. How sustainability fits into a firm's operations in the context of its strategic vision is a decisive factor in the relationship's viability.

Some produce partnerships remain solidly ensconced, after being sealed decades ago on a handshake. Brous explains, "There is definitely a motivator for them to understand our business more. We tell them, 'The better you perform at all of these criteria, the more we're willing to sit at the table because we understand your commitment, and vice versa.'" That commitment means a willingness to invest with Publix in more sustainable alternatives, such as wax-free packaging.

"Just as Publix cannot be sustainable without the participation of all 146,000 associates, we're also not an island. We cannot be sustainable without partnering with our entire supply chain," says Hewitt. "Sustainability is not proprietary," adds Brous. "We believe it is an industry movement that shares on best practices and we are more powerful together," she says, noting joint efforts with retail competitors and trade organizations. The firm's latest venture involves a "climate leaders' partnership" with the Environmental Protection Agency, and a verification process to certify and reduce its carbon footprint.

"In a company the size of Publix, with retail operations spread out across five states, manufacturing and distribution operations as well as various other support facilities, it is a challenge to capture all of those greenhouse gases, but we are doing it," Hewitt adds.

2) SUSTAINABILITY WITH SUBSTANCE

Actions & Results: Publix takes a comprehensive and multi-faceted approach, under the premise that sustainability is made up of three silos; environmental, social and economic. All three silos must work in tandem. Many environmental aspects get priority because they can often generate cash flow by reducing energy costs, for example. Addressing fuel efficiency of its transportation fleet, the company is weighing the pros and cons of converting its heavy-duty trucks to bio diesel and looking at mechanical and aerodynamic improvements, as well as restructuring delivery routes to reduce number of miles traveled and increase utilization rates of those trucks.

Other worthy projects might be tabled because they can't be justified from a cost standpoint. "At the end of the day, we have stockholders that we answer to, which is each one of us in being able to be a financially viable company," Brous explains. After the GreenWise Market in Palm Beach Gardens became LEED-certified, people wondered whether Publix would do the same for all its new stores. "Well, no. That's unrealistic to look at a grocer with a 1,000 store footprint and ask us that. What's the economic impact? What's the long-term affect? What's our goal and how does that impact the customer? Are we being responsible stewards?"

"The 'Get Into the New Green Routine' program grew out of a philosophy at Publix that is intolerant of waste, and advocating what's right for its customers, the community and the environment. That equates to a reduction of 500,000 tons of greenhouse gases, enough to power over 64,000 homes for a year," explains Hewitt.

Publix recycled 215,00 tons of cardboard last year, and about 3,000 tons of that was wax cardboard. "We also have been trying to

find a home for as much of our organic waste material as possible, working on ways to compost, or otherwise convert that material into a soil amendment or a fertilizer-type product."

Publix utilizes its GreenWise Markets as experimental laboratories, perfecting ideas into workable solutions with its eye on incorporating them into its mainstream portfolio. Go into a new store, and a consumer might not realize the significant savings generated by the decorative, yet highly sustainable bamboo floors and fixtures. It's why Publix uses soy coating on the roof and is aggressively pursuing solar power. Among its forward-thinking reclamation projects, the produce refrigeration ducts are efficiently re-circulating the heat to warm the building's water systems. The misters keep produce fresh without excess water waste. The track lighting may be aesthetically pleasing to some customers, but it's also a more energy-efficient source. Consumers walking down an aisle may be caught off guard at first, as the lighting builds from darkness to brightness in line with their footsteps — a high-tech method of conserving energy.

Even though the fluorescent lights are cool-looking, you can feel that they're putting off a little bit of heat, explains Hewitt. The LEDs are not only more efficient, but generate much less heat, which makes sense when you're installing lights into a refrigerated case. There's an argument against retrofitting refrigerator cases with LEDs because of the immediate investment. It's justified because over the lifespan of the cases and the products, there's definitely a return, adds Brous. In the prepared foods areas, Publix is working on new technology to avoid as much air conditioning or heat loss as possible through the ventilation hoods.

GreenWise Markets provides a controlled area to try new things, but the company is also realistic in how they will translate to a range of store formats. "Our goal is to be able to go into any format or size store and maximize its

potential, but starting from the ground up is definitely easier," says Brous.

As retailers confront a difficult economic climate, Publix is relatively well-positioned to pursue its goals. "In tough economic times, we are a debt-free company. We are making acquisitions. We continue to be strong," says Brous. Priorities change based on consumer needs, and the economy plays a significant part, but the commitment level doesn't change. "We can take more risk in a tough economy, but we've always been very cautious," she adds. "We are a very lean company. There's not a whole lot of fluff and excess."

3) SUBTLE STRATEGY

Classy, Not Showy: Publix steers away from "save the polar bears" hype, or flashy, over-the-top signage. It doesn't want to yield unfair expectations, or veer toward exaggerated or misleading claims. "We don't believe in funny math," says Brous.

Publix chooses to stay out of politics and issues of Fair Trade, says Hewitt. "We don't like anybody coming into our house telling us how to do business. We don't go into other people's either."

In this regard, the concept of developing national standards for sustainability doesn't make sense to Hewitt. "Sustainability really has a lot to do with company philosophy. It's very company-specific. I like to think that our sustainability strategy is unique to Publix, not to say that it's better than anyone else's, but it works well for us."

The company is turned off by the dogma around food miles labeling. Transparency in labeling is important. "We want to be careful not to confuse the customer by providing them with information that might be hard to understand or is contradictory," says Hewitt. "It can be very complex. It can be so complex that if you look at the carbon footprint of a product, one product that might be considered a healthy choice might have a larger car-





bon footprint than another one that a customer might consider to be not as desirable an option for their child."

Similarly, organic is more of a lifestyle choice for some customers. It doesn't necessarily point to sustainable," says Brous. Publix is not in the business of claiming that eating organic is more beneficial than eating natural, conventional or locally grown. It's about balance. "Just because customers are living healthier lifestyles, doesn't mean they're not going to want to eat the pastries," just preferably in moderation, she says. Especially in a difficult economy, price may be an overriding factor in consumer purchases. For others, it might be whether purchasing the product gives back to a community cause.

Publix wants to provide helpful educational labeling and merchandising without inundating customers with dizzying information overload. It's committed to insure against deceptive or questionable certifications while providing consumers with plenty of product options. For example, depending on who you talk to, one seafood item may be from a sustainable fishery, while someone else may say that it's not, according to Hewitt.

In Publix GreenWise Markets, there is at least a 50 percent organic mix throughout the produce department, and as high as 85 percent in some categories, says Brous. Subtle, color-coded signage along side products, distinguish the variances. Even within the organic category itself, Publix makes a point to note the differences between USDA 100 Percent Organic, products that contain all organically produced ingredients, and USDA Certified

Organic, products that contain 95 percent or more organic ingredients. Then there's the phrase "Made With Organic Ingredients," which consumers are told means it has 70 percent to 95 percent organic ingredients.

For other terminology, All-Natural, Earth-Friendly, Vegetarian and Vegan, consumers are directed to the company's website to learn more. The underplayed strategy is intentional. "These consumers know what they're looking for," says Hewitt. The approach informs without "being in your face." The goal is to create an all-inclusive atmosphere that welcomes a diverse customer base.

While accommodating consumer demand for year-round produce from around the world, Publix does like to capitalize on promoting locally grown produce when it has the chance. Brous points out, however, that the

Perhaps this award will help spread the word and inspire other retailers to follow in Publix's footsteps, while setting new paths for the greater good.

definition of local is different to every person. This year, Publix kicked off a huge media blitz to elevate its three-year-old program, "At Season's Peak," which highlights in-season local produce, playing to the taste, freshness and special availability.

Through its Aprons in-store kiosk and cooking schools, it also inspires customers with cooking demos, guest appearances by celebrity chefs and meal ideas of the week that are merchandised with all the necessary ingredients. Publix also reaches out to the community in other ways, such as partnering with schools to motivate kids towards healthy nutritious eating.

Publix customers are not necessarily looking for a separate segmented storefront, but rather to integrate options into the core supermarket chain, explains Brous. "This is not a situation where, here's our green store over here for this niche." The mission is to incorporate these concepts throughout the Publix store portfolio, to envelop sustainability into the whole.

Publix sees itself as a friendly stalwart foundation in the community that neighborhoods depend on when disaster strikes. Hit with back-to-back hurricanes in 2004 and enduring losses of over \$60 million, Publix started a project that would invest \$100 million in back-up generators for hurricane-prone stores. The project ballooned, and the company now has over 700 stores with these 500-kilowatt generators. According to Hewitt, many of them use bio-fuel, allowing for longer runtime. This is an ideal example of how the three silos of sustainability come together: installing back up generators addresses the conservation effort in a financially sound way, while providing a critical service to the community.

PRIVATE/PUBLIC DILEMMA

In many ways, ultimate philanthropic acts emanate behind the scenes from anonymous donors. The analogy is fitting when speaking about Publix, sustainability and corporate social responsibility.

"We never overreach when we talk about our green efforts. We never want to be accused of overstating anything. What you see is what you get," says Hewitt. This very private, 80-year-old company is realizing the virtues of becoming more open. Consumers more and more are making decisions on where to shop based on a store's sustainability and corporate social responsibility directive.

Sustainability isn't cheap, but there's a return on investment — short-term sacrifice for the long-term goal. Perhaps this award will help spread the word and inspire other retailers to follow in Publix' footsteps, while setting new paths for the greater good.



In a recent meeting at the PRODUCE BUSINESS headquarters in Boca Raton, FL, Publix's Maria Brous, director of media and community relations, and Michael Hewitt, manager of environmental services, sat down with publisher Ken Whitacre and special projects editor Mira Slott.

Mira Slott: *Congratulations on a well-deserved award. I also understand you recently reached a major milestone and now have more than 1,000 stores, so we're excited to hear how you're enveloping sustainability measures into this growing portfolio.*

Publix has been on top of sustainability and corporate social responsibility for many years, long before it became a fashionable trend. Could you share with us how this mantra came about and how you translate this philosophy from corporate throughout the company?

Maria Brous: You must have heard Dave Duncan, our vice president for facilities, talk before because he says that we were green before it was cool to be green.

We started our recycling efforts in the early 1970s, long before other retailers had really taken interest. That began with our recycling that you see in front of our stores where our customers can return their plastic or paper bags back to our facilities. And that's kind of symbolic for the Publix locations.

Back in the 70s, there weren't too many companies that were thinking about long-term impacts of sustainability, but that's where it really began for us.

We thought long and hard about it. We wanted to be a retailer of choice for customers, to provide conveniences and service. And that's our mantra no matter what topic we're talking about: pleasing our customers, making that shopping experience more enjoyable and understanding what's important to customers. So, that began our commitment to serving our communities, and that's grown through the years.

When you look at us today, fast-forwarding to 2009, we are employee-owned and operated — that's the first part that sets us apart from competition — and really is about how we execute. We have skin in the game. This is a personal investment and commitment that we make to our customers and to our associates, and you'll hear that throughout our company. That's what I hope you will note — that we relate to ourselves as associates, because that's what we are.

We all have a part to play, and when it comes specifically to sustainability, Michael is a part of that team. I'm part of that team, but it began with our CEO Ed Crenshaw, who had a commitment to looking at sustainability long-term. It's not only about our profit, but it's about people on our planet and we can combine the three. When you try to sell sustainability to some companies, some will do it for the profit and that's it in the end. But really, what we are about is showing that sustainability is kind of a triangle. It comes back full circle, and we truly do it because it's the right thing to do.

We all have a seat at the table. In every department, we have a cross-functional sustainability team at Publix where every major business unit is represented. We look at issues from the bottom up, as opposed from the top down. We really study the different departments. We study the issues. We study the impact on our customers and our associates. We study the long-term affects of different choices and then each person has an opportunity to represent their point of view.

So while Michael may be the subject-mat-

ter expert for the environmental component, we have to look at how that transcends and translates into the real world. What do the stores face? How do we help them? There has to be buy-in from every level with your associates. You can't dictate sustainability from the top down. You have to really understand the process and relate it to people.

Mira Slott: *Could you provide some specific examples? Do you have any vignettes that could give a flavor for how the process works, maybe in your own experience?*

Maria Brous: Michael will probably defer a lot over this way, but we'll talk about the areas in which we feel comfortable.

The "Green Routine" is probably the most grassroots effort. It may have seemed like it started on a small scale, but has unequivocally been one of the greatest success stories that we have at Publix, and that truly is how to reduce the amount of electricity and energy that we're using at our store locations. And today, at 1,002 stores, that becomes even more important than when we started this in the early 2000s when our store count was not significantly less, but considerably less.

It really became about looking at our footprint, and how we can start to reduce the energy consumption at stores. It started with the simple idea of turning off computers, turning off lights, closing freezers and refrigerator doors, making sure that we're constantly being energy-efficient, and just reminding our associates to do the small things, not only at the store, but they could also use those simple measures at home — to turn off the lights

when they left a room.

We put stickers on light switches. We made posters letting our associates know what this means, what does this equate to, how much can we reduce our electrical consumption, and really made a competition out of it for our folks. "Okay. What can your store do better over last year? Let's start looking at energy efficiencies and let's start making a difference." And that's how we got buy-in, involving the associates at every level, and they each had a role to play.

Ken Whitacre: *So, do people actually sit around at a table and ask, "What can we do to reduce our energy consumption at each store?" or is it a part of the team process that you disseminate downward?*

Maria Brous: Both. There are ideas. We have a "Change-It" program that Publix has in place where associates are able to submit their ideas for a variety of things; for sustainability efforts, how to improve work processes, looking from all angles. Associates can submit a work-study. There are some cash incentives if we roll out the programs company-wide. Now there is a group in place and a table where we can come and review ideas and initiatives.

Our facilities department is over 600 associates strong and they each are responsible for the things that we spoke about, whether it's the lighting, whether it's the refrigeration, or whether it's the computer — I mean, the whole landscape, and really, what do we do from that point on?

So, we take ideas big and small. We talk about them, how they affect the different business units, what role everybody plays, everything from the environmental to how this is going to look externally. How do we communicate that? Our marketing folks have a seat at the table. How do we engage, not only our associates, but also our customers, and really break it down?

Ken Whitacre: *It sounds like Michael has an easy job then, because everybody's working*

for him!

Michael Hewitt: That's one way to look at it. Really, it's a team effort. Maria mentioned the corporate sustainability team, which is a cross-functional team representing every business unit, operating really at the decision-making level. But we have many other teams that are directly involved in sustainability as well. We have "Green Routine" teams.

We have a team that does nothing but look at ideas that come in and decide which might work, and then elevate those ideas and try to advocate them, implement them and track them, so that we can measure progress. And when things work, we see if we can roll that out across the entire enterprise.

So, it's not the effort of a half-dozen people on one team. It's many teams and it really is every associate that gets involved in the Publix "Green Routine."

And now, more recently, if you go to *Publix.com/sustainability*, you can see how we're trying to take that "Green Routine" that we've spent years developing internally, and we're trying to share that with our customers as well, to help them be more sustainable in their homes.

GREEN ROUTINE

Ken Whitacre: *So initially, the "Green Routine" was essentially an internal program that has now branched out.*

Michael Hewitt: That's true. It started as a program for us to look internally to try to do better, which grew out of a culture at Publix that has been there since Day 1. Publix has always been intolerant of waste, and advocates doing the right thing for the community and for its customers and the environment. The "Green Routine" was just a natural progression of that mantra.

So it really started before the word "sustainability" became fashionable. It wasn't until more recent years that the term "sustainability" has been applied to what we do. But, we've been doing this kind of work for many, many years.

Maria Brous: When we talk about the "Green Routine," it's officially tagged, "Get Into the Green Routine" because we want everyone to take an active role in it. So, we talk about "Get Into the Green Routine," but it was a reduction of more than 500,000 tons of greenhouse gases...

Michael Hewitt: Since 2001.

Maria Brous: Right. That equates to being able to power over 64,000 homes for a year.

Ken Whitacre: *And it also equates to thousands and thousands of gallons of gas that can be consumed.*

Michael Hewitt: It does. I think it's 903 million kilowatt-hours that we're approaching, and that equates to 500,000 tons of greenhouse gases that have been reduced, and that's enough to power all those homes for a whole year. We try to take the savings that we're measuring every day and relate them into terms that people can understand.

Mira Slott: *Can you talk more specifically about sustainability measures in the company's produce department, and provide some examples that our readers could relate to in the produce industry?*

Michael Hewitt: Well, we're always trying to offer more organic products whenever possible. Also, if you look on our Web site, you'll see information about how we try to make locally grown purchase decisions whenever we can. We try to buy as much as we can locally, keeping in mind that we have customers to service and we work hard to provide them with the produce that they want year-round.

We also have been trying to find a home for as much of our organic waste material as possible. When you run a food retail business, you end up with organic waste. You end up with meat scraps from the meat department, stale bread from the bakery and damaged produce in the produce department. We have for many years sent some of that material for rendering and have tried other outlets for that organic waste.



But more recently, we worked on finding a way to compost, or otherwise convert that material into a soil amendment or a fertilizer-type product. We're still continuing to work on that. It's challenging. Even though I think Publix does a pretty good job at recycling and reducing waste, we're still trying to find better ways to do it.

Mira Slott: *Can you talk a little bit about the logistics of handling recycling for such a large operation? It seems like it could be a real challenge with 1,002 stores.*

Michael Hewitt: It is. In a company as big as Publix with so many operations spread out across the entire Southeast United States, it's a challenge. We have training that we provide to all of our associates at the store level on how to collect this material and to collect as much of it as possible. It then gets loaded on our trucks. After our trucks are unloaded at the store, the recyclables go back on the trucks and they go to one of our centralized recycling centers. And that's where it all gets collected, sorted if needed, bailed if it needs any bailing — we do some bailing at the stores — and from there, it gets sent off to the recyclers.

Maria Brous: Education is a big component that Michael spoke about. We do a lot to really look at those processes. We need associates to do their part. We need every associate to understand what can be recycled, what can be bailed, how we keep bail integrity to make sure there's not the possibility of contamination, which in turn rejects that bail.

So, really getting them involved, whether it's with posters, because some are much more visual learners, or with continuous training, from the very first day that they start working at Publix, they understand our standards.

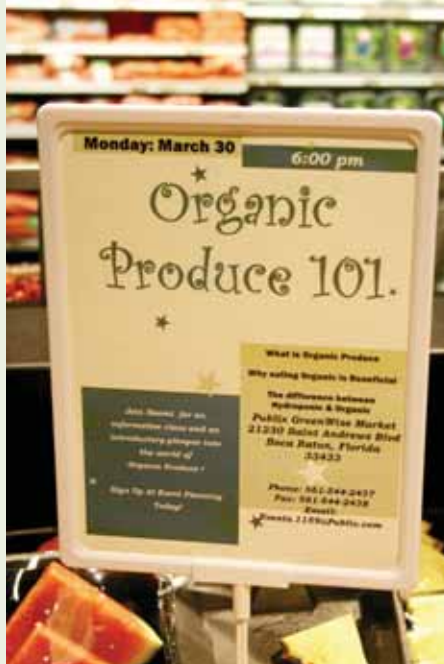
We have an orientation for every associate that comes onboard, and part of what we speak about in that orientation is our sustainability, what that means to the company and our vision.

Mira Slott: *How do you work with your suppliers in terms of packaging and different types of products that they need to switch over to in their businesses?*

Maria Brous: I'll let Michael answer a part of that, but to put it into perspective, we're a Southeast retailer, with 1,002 locations in five states: Florida, Georgia, Alabama, South Carolina and Tennessee. We're one of five chains that have a 1,000-store-plus landscape, but we are the only one out of the big five in this tight Southeast area.

We're not spread out through the United States, which is what we see with our counterparts. So, we're really focused in this area, but we're a big powerhouse.

Our standards are very high. Our vendor community understands we expect a large



commitment on their part. We expect them to be sustainable. We expect them to continue looking at their practices and their packaging.

Obviously, we have other retailers that also ask the same thing and look at the sustainability part, but when we look at changing to a wax alternative in produce packaging, for example, how do we do that? We send out letters to our suppliers asking them to really look at their practices.

We have a vendor scorecard that comes in. Based on everything from their operations to how it affects our operations, we kind of look at each vendor in totality and really ask them to take a look at that. Sustainability is on their scorecard as well.

We have that working relationship and the better the suppliers do on their vendor scorecard, the more information we're going to share with them about our business. So, they want to understand it. There is definitely a motivator for them to understand our business more. They want access to figures and different things, so we tell them, "The better you perform at all of these criteria, the more we're willing to sit at the table because we understand your commitment, and vice versa."

Being a Florida-based company, many of our relationships with our suppliers were made on a handshake, from, say, Mr. George [Jenkins] and Duda Farms, and others. You can talk to a lot of these suppliers, especially with produce, and many of those deals went on a handshake and a commitment that we wanted to do business with another Florida-based company. We ask them to look at measures. What are the alternatives? What are the potential savings? There may be an initial investment, but the long-term returns are what we're looking at to be more sustainable.

Ken Whitacre: *Would it be fair to say that*

it is harder to do business as a supplier because of the scorecard and the sustainability efforts?

Maria Brous: No, because we do business with reputable companies that are looking to be sustainable as well. They've heard the message, they've heard the appeal from the public, and I think it's the way. It may be more hip to be looking at those sustainable practices, but we've been working on this for quite some time. It's not something that's come as a big surprise to our suppliers. These are conversations that we've had at the table for many years, and have been working on different programs and pilots.

Michael Hewitt: Just like Publix cannot be sustainable without the participation of all 146,000 associates, we're also not an island. We cannot be sustainable without partnering with our entire supply chain. We've done work with our suppliers, with our buyers, to try to find those alternative packaging options that not only are more sustainable because they increase the recyclability of the cardboard, but also do not degrade or harm the quality of the product that Publix and our customers demand.

Mira Slott: *Are you trying to eliminate product packaging in some instances?*

Michael Hewitt: We're doing more of that all the time, and another way that we're working on that is to partner with various associations. Through participation in these associations, we get connected not only with suppliers and manufacturers, but we also get connected with other retailers.

Maria Brous: Sustainability is not proprietary. We believe that it is an industry movement that shares on best practices and we are more powerful together. When we work with retailers that would typically be referred to as competitors, we get more accomplished for the good of the environment.

Ken Whitacre: *Have you formulated an official share group of retailers that you meet with on sustainability?*

Michael Hewitt: We meet with retailers through several associations on a regular basis, again, not just food retailers, but other retailers as well, because many of us share a common interest. We all use energy, we all need water to operate, and we all want to reduce packing and increase recycling, but there's another element that I want to make sure we don't forget: the customer.

Through various efforts, we are trying to partner with our customers to help them make more green, sustainable decisions in their purchasing practices, to provide them with tips on how to be more sustainable at home. A good example of that is our reusable bags, which we started selling quite a while ago. In fact, we have offered reusable bags for

many, many years. People are hopefully now used to seeing the typical green bag or Publix reusable bag that's being sold for 99 cents. But, for many, many years before that, we were selling canvas bags.

Mira Slott: *You were progressive here.*

Maria Brous: Right. People are talking about using the bags as briefcases and gift bags, and catch-alls because not only are they making a statement, but they're also being more user-friendly. But, we do different things to engage. Most recently, we engaged our school system in our market areas. We do a partnership with newspapers and educators. What we did this year to change up the NIE [Newspapers in Education, Troy, MI] programs a little bit was to really involve kids. We understand that the next generation is becoming so much more important in the sustainability of our earth and our planet, and more kids are becoming green.

We targeted and engaged all sixth graders in our market area. We gave the teachers a whole NIE pullout on sustainability — about eating healthy, eating green, living green, saving energy and being more efficient. It allowed teachers to develop a lesson plan.

We asked the sixth graders to design their own reusable bag and we had a contest. We will reveal the winning bag for Earth Day this

“We are very adamant that we will never compromise food safety or quality, so we look for that balance where we can ensure safety and quality, and also provide more recyclable packaging, or even sometimes, less packaging.”

— Michael Hewitt

year. Each sixth-grade teacher will receive the reusable bag that we've had made based on this child's rendering.

We really tried to get it from the grassroots of working with the local schools, getting our teachers involved, getting the parents, shoppers, associates and suppliers involved, because they want to be part of that. So, it really is affecting every part of our business.

Mira Slott: *Do you bring the children to the stores?*

Maria Brous: We do. We do school tours. We talk about our practices and our efforts. As a matter of fact, the Publix GreenWise Markets have a unique program because they're different, obviously, than any other store that we have. So, they have a whole sustainability packet that they go through. The science teachers usually love to go through and they work on different activities, not only from identifying green products and green efforts, but we talk about some of the engineering — we talk about the roofing. We talk about the paneling. We even talk about the restrooms, what's recyclable, reusable. We do all different types of things to engage the students.

Mira Slott: *Jumping back a little bit to packaging, in the produce industry in particular, food safety has become a big issue and there's a debate going on about packaging. On one hand, there's been a trend toward more packaging for food safety. But then, packaging*

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has an environmental side related to trying to get rid of more of it. How do you balance those issues of food safety and sustainability?

Michael Hewitt: We're very adamant that we will never compromise food safety or quality, so we look for that balance where we can ensure safety and quality, and also provide more recyclable packaging, or even sometimes, less packaging

Going back to the wax-alternative cardboard again. We worked with the cardboard supplier. We worked with the farmer producing the produce, and we worked with the middle company that would buy and sell that produce. We actually followed that produce from the farm, through the distribution system, the warehouse, to the store. We did a complete trial.

When that produce got to the store, we could open up that box and look at that produce and see exactly how well it did. That's one example of our commitment to making sure that when we do make these adjustments, these changes to be more sustainable, we're not going to do anything to compromise our food safety or quality, or the integrity of the product.

Maria Brous: Michael and I definitely agree that's our philosophy. It doesn't come to a balance for us. We will always put the quality and the food safety as the top priority of

concern for us. Customers have grown to expect that. They trust us. We work hard with the Department of Agriculture. We work hard with the FDA. We built all these partnerships so that we're close to the table, and we have a seat at the table when these issues come up.

We have a corporate quality assurance department that is led by one of our directors who has worked in the industry for other competitors as well as outside of the industry, and he brings a wealth of knowledge to the table. We believe in the communication and the establishment of relationships.

Much like what Michael said, we can't do this alone. We need to be informed. We need to be able to understand it from a different perspective. But, we also bring to the table what we know best, which is the food. This is what we do. This is our business, but there's a lot more that goes on before it even reaches our stores.

CUSTOMERS HAVE A VOICE

Mira Slott: How do you feel about these issues of food miles? You had mentioned this goal of yours to try to bring in local produce. There's been a little bit of controversy about food miles and we've written a lot about it. In the U.K., for example, there was an issue where Tesco and Marks & Spencer were putting little airplane stickers on packages to basically denote

"Whenever possible, we do like to work locally. It's advantageous for us as a retailer as well. We can bring the freshest product to customers.

— Maria Brous

that this was coming from Kenya or from abroad, and that it would be more advantageous from a sustainability standpoint to purchase a local product. There have been all kinds of studies questioning the logic — examining all the different issues in relation to carbon footprints and whether it's actually more sustainable to purchase that local product versus the product from Kenya.

Maria Brous: Ironically, local is different to every person we survey. Having said that, I will say that we are always attempting to give customers choice. One of the things we pride ourselves on is that opportunity.

Specifically in our produce department, our produce is well labeled, so customers never have to guess where their produce is coming from. It is product of a specific location and it's clearly denoted in the signage. We also have stickers that denote where the product is from, but signage is very clear.

But when we talk about availability of product, there's no seasonality in produce anymore. As a culture, Americans have become very accustomed to selection of product year-round, and because of that desire, local becomes very difficult to do.

Not everything grows every season locally, so there are times of the year where we have to rotate, depending on if Florida might be too hot certain times of the year, and maybe it's too cold in Georgia. Customers still have the largest voice with us.

Their purchasing power makes our decisions, so we continue to sell produce from different areas year-round. Again, it's about educating them and allowing them to make the decision. We don't get involved in the semantics or the argument of what's local. We let customers make that decision for themselves.

Whenever possible, we do like to work

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locally. It's advantageous for us as a retailer as well. We can bring the freshest product, and there's a lot of citrus and different products that grow locally that we can bring to customers. Plant City strawberries are the best example that I have. It's the closest to home to us being in Lakeland.

But, we have started a campaign for our customers called, "At Season's Peak." Customers would ideally know what is the growing season for that particular item and that would be at the sweetest part, but also, that their chances of being more local to them would resonate.

This is the third year that we've worked on At Seasons Peak. It's the first year that we've put much more media value and we've actually done spots that customers will see on TV. The first one that we did this year was for the strawberries. The next go-around, I believe in June, we're going to be doing the berries that are all in season, the raspberries, blackberries, blueberries-type deal.

We worked on that really hard so that we can tell customers, "You've asked, we've heard. Here At Season's Peak." It doesn't mean that everything is going to be defined as local to all customers — for some customers that are holistic and live the lifestyle, it may be a 20-mile or 30-mile radius that they'll consider local. However, depending on where you live,

that may not be a realistic kind of expectation.

You know, at times Miami is not going to be able to give you that locally grown produce. But, you look at it and customers have that freedom of choice. And we work hard. I mean, whenever possible, we do look local to our growers and develop those relationships.

Mira Slott: *Do you put more emphasis on local versus organic? Do you view organic as more sustainable as a product than local, conventional or other choices?*

Michael Hewitt: Maria gave a couple of great examples about the information we put in front of customers to try to help them make the best decision that they can, the decision that is best for them. We're listening to our customers. We're providing them with the information that's available. We also want to be careful not to confuse the customer by providing them with information that might be hard to understand or contradictory.

Mira Slott: *You're right. It can be complex.*

Michael Hewitt: It can be very complex. It can be so complex that if you look at the carbon footprint of a product, one product that might be considered a healthy choice might have a larger carbon footprint than another one that a customer might consider to be not as desirable an option for their child. A bottle

of soda might have a smaller carbon footprint than a gallon of milk, and we don't want to try to put a message in front of the customer that might say one is better than the other. We just want to be able to provide customers with useful information they can use to make their own buying decisions.

Maria Brous: Right, and organic is more of a lifestyle choice for some customers. It does not necessarily point to sustainable. They may be looking for perceived health benefits, and we're not there to make those claims of whether there is or isn't a health benefit to eating organic over conventional, but, it is being said. When we look at traditional Publix stores, we have GreenWise product available. GreenWise symbolizes a couple of different things to us: Publix GreenWise products are our private label of health, natural and organic products.

GreenWise is also the section of health, natural and organic products; so not just our private label, but just the category itself. The stores are laid out a couple of different ways. In some stores, the product is integrated throughout. When you travel up and down the aisles, usually it will be in GreenWise sections. Actually, organic product will stick out so that it is easy to identify, so customers who are looking to make that organic purchase can see it easily. In other stores that may not have

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a large organic traffic, it will be in certain sections. Organic product is merchandised in an organic Publix GreenWise area, so customers know exactly where to go and can shop within that area.

The majority of what you'll see is in line with the other products, because organic has become a lifestyle. It's not a fad. More customers are looking to find that balance to be able to make those purchases easily, not to have to go to a particular section, but to be able to travel through the store, and it really is about balance.

Just because our customers are living healthier lifestyle, doesn't mean they're not going to want to eat the pastries. It just means that they'll eat the pastries in moderation.

It goes back to the same thing about transfat. We talk about transfat being one of the things that was really high on our customers' satisfaction. But when you do a transfat-free donut, it doesn't really have the same affect. We're always mindful that we listen to customers, but then we also do the research and say, "Here's what you asked for because it may have sounded good. Here's what the end result will be like. Now, tell us, where do we go on this?" It's not that it's impossible to do, but if you're going to eat a donut, you're eating it for the transfat that's in the donut, not because it's transfat-free.

Those are all the things that we keep in context in really understanding that our job, as a grocer of choice, is to provide options for customers and allow them to make the best decisions for their families. For some customers, price point may be the decision factor, so private label is important. For others, it might be a belief in a more holistic, organic lifestyle. For others, it may be the product makes a contribution to the community, so let me go with this product because of the impact that it has from a social economic perspective.

The other part that we can't forget is the tough economy. Decisions change in a tough economy. What some customers may have chosen in a vibrant economy changes, and they're making different decisions today. There's something for everyone. You have to balance the options.

And, we don't take anything and generalize. We don't make assumptions. Our private label organic is less expensive traditionally than an organic product would be. Publix GreenWise tends to be less expensive because we have the buying power of 1,002 stores.

So, there are trade-offs. I may be willing to buy this in a particular brand, but I'm not going to compromise my produce. I may be solely committed to buying organic produce based on what I've read. But, that's really up to each and every customer to make that determination.

Mira Slott: *I'm just following up on your comments about educating consumers and offering choices, and not making too many judgments. I don't know if we're sidetracking, but on your Web site, Publix discusses certification and labeling concerns regarding seafood. I was wondering whether there were some parallels to how you were labeling in produce as well. Could you discuss what's happening in that seafood category, and then apply it in broader terms?*

Michael Hewitt: Well, seafood is a great example where we are partnering with other retailers and suppliers to try to do better in labeling, and to improve those certification programs. Because as we discuss on our Web site, many of those certification programs can be confusing to the customer.

Maria Brous: And conflicting.

Michael Hewitt: Depending on whom you talk to, one item may be from a sustainable fishery. Someone else may say that it's not. So, we're listening to our customers. We know that they're concerned about this issue. We are working hard on this issue all the time, and you'll find some very frank language on

our sustainable Web site about that. And, that again is part of the transparency of our sustainability program.

We're trying to be as open and as transparent as possible with our customers, with our suppliers, and even with our competitors so that together, we can all do better.

CORPORATE CULTURE

Ken Whitacre: *Are there certain benchmarks that you are trying to achieve over the years? I would say this is all a gigantic work in process that probably will never end. But, do you have certain benchmarks that you've established — let's say for example a certain percentage of local or a percentage of organic at certain times, or a percentage of wax-alternative packaging. Is that already 100 percent or do you have numbers that you try to look at and see where your goals are in the future?*

Michael Hewitt: Well sustainability is not a destination; it's a journey. So, it's not something that we're going to be working on this year, and next year decide well, we're done. We're on to the next thing. Sustainability is really a philosophy that's been with Publix



Exposed produce refrigeration ducts efficiently re-circulate the heat, which is then used to warm the building's water systems.

since the beginning, and it's one that will continue for as long as Publix continues.

We certainly have aspirations. We will occasionally set goals for ourselves internally to do better. An example of a goal that we'll make public soon is our "Climate Leaders Partnership" with the EPA.

Mira Slott: *I was reading about that.*

Michael Hewitt: Publix has joined EPA climate leaders.

Maria Brous: Yes, in June of last year.

Michael Hewitt: We've committed to calculating our carbon footprint, which as it turns out is not that easy to do. In a company the size of Publix with retail operations spread out across five states, manufacturing and distribution operations as well as various other support facilities, it is a challenge to capture all of those greenhouse gases, but we are doing it.

We're going through the verification process with EPA right now to certify those carbon footprint calculations, and later this year, we hope to announce a goal for reduction of our greenhouse gas emissions.

Maria Brous: We're always looking for ways to improve and it becomes more difficult the more stores we have. Mr. George [Jenkins] imagined success as 100 stores, and now that's 10 fold. How do we continue to improve our communication when we're so spread out, with so many diverse markets and customers that we serve? That becomes a difficult task and we spend a lot of time focused on that communication. It starts at home. That's where it really begins, breaking it down to its simplest parts and then working from there.

Mira Slott: *You had mentioned earlier in the interview about cash incentives to inspire innovation. I'm having this picture of a family-like culture at Publix, where everyone's a part of the whole process.*

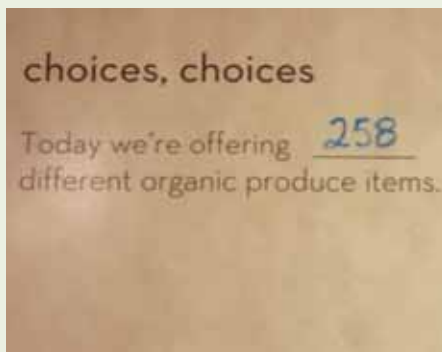
Maria Brous: We followed through with the concept at our conference last year, and people didn't even know there were going to be cash incentives. That was the great part about it. We had already measured year over last and the moves that had significantly saved as part of the 'Get into the Green Routine.' Savings were huge and people were recognized for that at our conference. We rewarded the district manager and that collective for achieving the greatest improvement year over last, and they were really excited.

Mira Slott: *You create a challenge.*

Michael Hewitt: It's competitive.

Maria Brous: But retailers are competitive by nature. It's in the blood.

Michael Hewitt: We're all part of the same family, but each of us...



Maria Brous: Like siblings, we don't miss the opportunity...

Michael Hewitt: ...to compete with each other.

Mira Slott: *That's great.*

Maria Brous: It is, and then being able to submit their ideas. Take the recyclable floral buckets, for example. It was an associate who did the job day in and day out and was thinking, "How could I improve this process? How could I make it more sustainable?" She submitted the idea. She did the little work-study in her store. Turned out, she made a great idea a reality. We did a whole story on her in the Publix newsletter.

Michael Hewitt: We recycle several million of those buckets every year now. It was just an item that we had missed, an opportunity that we had missed. If we had not pushed sustainability all the way down to the associate level, then those kinds of ideas would not be able to bubble back up.

Maria Brous: Just to show you how we're looking at every aspect of our business, there was a time where we used to have photo labs in store. We don't have any in-store photo labs anymore, but the reports that are automatically generated still had the page for that service. We had an associate that said, "We don't need this wasteful blank page." Think about 1,000 stores printing that extra page day in and day out. Part of it was how we could have missed something so obvious, but that just goes to the point that something so small can make a really big difference.

Mira Slott: *And also that you set up an environment where someone felt comfortable and motivated to say something, too.*

Ken Whitacre: *Now, if we could, I would like to talk a little bit about your background. Maria, you're a new mother.*

Maria Brous: I am. I almost hesitate to say "new" because he's already a 30-pound, walking little boy with a mind of his own.

Mira Slott: *I imagine Publix is very family-friendly with childcare.*

Maria Brous: We are, definitely. I think

there was one family that had 18 family members that were working for the company. We have a CareWise club as part of our health benefits program. I joke that the whole reason I joined the club was for the simple fact they were giving away a onesie to a future Publix associate and I was getting it! So he will be working at Publix when he's old enough to push a cart, that's for sure.

Mira Slott: *Will both of you describe your career paths and what led you to your sustainability work?*

Michael Hewitt: Actually, Dave Duncan, our vice president of facilities is the team sponsor. Presently, we don't have any one at Publix with sustainability in their title, but I think that we will in the future.

Maria Brous: That person is looking more and more like Michael.

Ken Whitacre: *We wanted to talk a little bit about you, Michael, and learn about your evolution in the company, how you started, where you came from, what you bring to the table and your vision. We'll also talk to Maria about how she fits into the whole sustainability team at Publix.*

Michael Hewitt: Very briefly, I am a native Floridian and very proud of that. I'm a second generation, actually and a lifelong Publix customer. But I didn't start working for Publix until about three years ago. I have a background in environmental engineering and have spent years working with various regulatory agencies as a consultant and for other private companies. But when I got to Publix, I was very excited because what I found was a substantial culture already in place. People were passionate about not just the basics of recycling, energy and water conservation, but really interested in doing the right thing, in supporting the community.

Whenever we talk about sustainability, sometimes the message of that people element gets lost, but sustainability is really about people, as well. It's not just about environment, and Publix is a company that cares a lot about its associates and its customers.

So, my role as manager of environmental services is first and foremost to make sure that Publix is 100 percent compliant with the myriad of environmental regulations that apply to our daily operations. But then, working at Publix has given me the opportunity to get involved at the ground level with the building of this new sustainability program, which really isn't new anymore. Ed Crenshaw kicked that off in August or September of 2007, I think, when our corporate sustainability team first started meeting.

Maria Brous: That's when we pulled in all the different departments that were doing

individual efforts and brought everybody to one table.

Michael Hewitt: We brought a focus to all these great things that Publix had been doing for decades and we started to pull all of that under the umbrella of sustainability. Ever since, it's been going 100 miles-per-hour.

Ken Whitacre: *Maria, how do you fit into the whole sustainability picture as the communications director?*

Maria Brous: I'm a Publix lifer. It's my 19th year with Publix, so I bring a different perspective to the company. I've been very privileged to be able to work with most areas of our business, and that's how I became the mouth and the face of the company. Being privately owned and operated, we typically speak under one voice, so that is my official capacity, along with community involvements. I take care of media relations and community relations.

My part in the sustainability effort is to look at the steps that we're taking as a company, how that affects our customers and associates, how we get the message out and how we really balance what we're doing.

Because we're in the forefront of sustainability, and innovators in this area, we must determine how much is too much to put out there, and when is the right time. There are many companies doing great things, but we've always been very conservative.

Our customer base challenges us now. Many are choosing where to shop based on what companies do for the greater good. So as a company that was always very conservative and private about what we've done, we've had to take an introspective look and really put it out there. Because we always want it to be right the first time we do it, we're going to enter a lot of pilots. We're going to study, study and study again before we make a commitment. This represents who we are. Our commitment is long-term. We're not fly-by-night, so sometimes the rollout is not as fast as some would like it to be and sometimes, it's not as slow as others, but finding that balance is my expertise.

I play Devil's advocate. When we have all these great things, my job is to look at it from opposing points of view and examine where that leaves us at the end of the day. I ask the hard questions, leave no stone unturned, and then my job is to go out there and market what we do so that there's an awareness.

Ken Whitacre: *Was there any specific area of the sustainability efforts that you had a hard time convincing upper management, "We really need to do this?"*

Maria Brous: That's an interesting question, but the most simplistic and honest



Solar power is an ongoing priority for Publix. The company currently has four different locations that benefit from solar energy.

answer is no, because it started from the top, with the buy-in from our CEO. Ed Crenshaw was very adamant and committed to the things that we had done as a company. That doesn't mean that everybody agrees on all the small projects all of the time.

We spend a lot of time discussing the issues. Whether it's organic recovery, getting into the "Green Routine," looking at suppliers and the wax alternatives, or our bailing system. We will not always agree on everything we do. The table is big and we each have a different piece of the pie that we look at.

What we always put at the forefront is whether or not it's right for our customer, our associates, the environment, and what the long-term will be.

Mira Slott: *How do you prioritize what you're going to emphasize? As you so aptly pointed out, sustainability is broad in scope. It has these different silos; there's the environment, there's the social aspect with people and there's also the business aspect.*

Michael Hewitt: It is very challenging. If we had unlimited resources, you might be amazed at all the things that we'd like to do. But because we have certain constraints we have to deal with, that everyone has to deal with, we try to prioritize what initiatives get worked on and which ones have to wait. It's unfortunate that we can't do everything we'd like to do, but it's a reality.

We have to approach our sustainability efforts in a fiscally responsible manner, as well. If it costs too much money to do, it's not sustainable. We have to maintain the business

while we're working on our sustainability efforts, so we spend a lot of time looking at financially viable opportunities.

We have a team that meets every month to do just that, to look at all of the opportunities that come from individual associates and through other various avenues that must get evaluated. Those that we have the resources to pursue the project and those that have merit get elevated to project status. Then we assign people to work on those projects and we track progress so that if it works, we can implement it across the entire company.

THE GREENWISE LAB

Mira Slott: *Tell us more about how you see GreenWise as an experimental lab.*

Michael Hewitt: A Publix supermarket we build today is much more efficient than one we built just five or six years ago — more energy and water efficient. We build those efficiencies into every new store that we construct and we're constantly looking to do better.

Our GreenWise Markets are an opportunity for us to try out some things that we might not have otherwise had the opportunity to do. Our vice president of facilities who's responsible for all of the design and construction work that goes into building a new Publix likes to call the GreenWise Markets a lab, a working lab, because it provides us the opportunity to try out new ideas and if those ideas work at a Publix GreenWise, you'll most likely see them implemented across the entire company.

Maria Brous: Lab is a good word for our GreenWise Markets because they are the minority of our business. We have 999 other

traditional locations. Publix GreenWise is not the core of who we are, but we also knew that we needed to find an answer for customers who were looking for that healthier lifestyle, who wanted more selection of health, natural and organic.

We have three Publix GreenWise Markets — one in Boca, one in Palm Beach Gardens and one in Tampa. More and more customers want to see what we've done with those markets incorporated into the traditional stores. They don't necessarily want a separate store to be able to be called their Publix GreenWise Market. They are much happier with a hybrid store where they still enjoy the everyday indulgences that we spoke about with different product selection. They just want to see some of the other product mix.

We've really had to do a good job of explaining what some of the features are at the Publix GreenWise Market, because some customers don't even realize it's environmentally friendly. They may have thought the natural lighting, for instance, was just cool. There's an energy-efficient reason why we're doing that. We're using bamboo in the fixtures, which provides a decorative touch to the store, but there is an environmentally friendly part to that, too. It goes far beyond the products just being organic, to some of the actual materials that were used in the store. It's why we use soy coating on the roof. What does that do for us? Why are we using the track lighting and how does that help? Why are we using the misters, and why are we using the LED lighting?

These are all things that customers see in our stores. It's hard sometimes for customers that have been traditional shoppers to understand the changes. Why does it look darker down the aisle until I actually start to walk down it and the lighting starts to get brighter as I progress?

Change is a balancing act. Once we set the priorities, we retrofit the stores. In some stores, we need to wait for the remodel, while in others we're able to implement the changes as they open. It just depends on the magnitude of the project.

Mira Slott: *Can you give some examples of items or procedures that were experimental and being tested that you're now unfolding into the Publix stores?*

Michael Hewitt: At one time, heat recovery on the refrigeration systems was experimental. Now, I think it's pretty routine. Even when it comes to the ventilation hoods in the prepared foods areas, we're working on new technology to avoid as much air conditioning or heat loss as possible through those hoods, and we're making progress there. I think one day that may result in different hoods being

put in all Publix's prepared food areas.

Mira Slott: *You had mentioned misting and different refrigeration techniques in the produce department. Can you elaborate further on that?*

Maria Brous: The misters are done for a couple of different reasons, but the first and foremost is that we can keep produce fresh without using an excess of water.

If you remember previously, there was hosing of the produce with all that water and drainage. Misting is much more efficient. You'll see them not only at our GreenWise

Markets, but also in a lot of our produce departments storewide.

When you look at our lighting — our track lighting in the produce department — some customers may think it's aesthetic. Yes, it may look better aesthetically to some customers, but the lighting efficiencies involved in the track lighting provide not only a savings, but a more energy efficient source of lighting.

The same thing goes for the LED lighting. When we look at our cases in the refrigerator doors, why are we retrofitting? It's because over the lifespan of the cases and the products, there's definitely a return. There's an argument

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against doing this casing because there is an immediate investment. Don't get me wrong; sustainability isn't cheap, but there's a return on investment. Short-term sacrifice for the long-term goal is what we continue to explore.

We even take that methodology when we look at our fleet. We have one of the most environmentally friendly fleets.

Michael Hewitt: We have over 170 hybrid vehicles in our light-duty fleet; that includes cars and sedans.

Maria Brous: We have our Priuses; we have our Camrys, which are company cars that we issue to our associates. It was probably three years ago when we started testing the little Priuses, and now they've become more popular. Before, it used to be if you saw a Prius, you thought of Publix. We were on the cutting edge of doing things like that.

Michael Hewitt: When we look at the benefit of doing that, we're not just looking at the fuel savings. It also helps reduce our carbon footprint and it sends the right message.

Mira Slott: *You're showing that your actions are connecting with your words.*

Maria Brous: We really do question status quo. We look at everything and ask ourselves, "How could it be better?"

Michael Hewitt: That's a challenge for a company that's almost 80 years old. Companies that have been around as long as Publix might be more set in their ways, but we are constantly working on trying to do better and always asking why do we do it this way?

Ken Whitacre: *Are you converting your delivery trucks to bio-diesel or any other efficient means of gas?*

Michael Hewitt: No, but we're looking at that. We have a fleet of the heavy-duty trucks. We're constantly working on increasing the fuel efficiency of those vehicles through various means, either mechanical or improving the aerodynamics. We're also working on and have achieved efficiencies in our delivery routes so that we can reduce the number of miles traveled and increase the utilization rate of those trucks, so there's progress being made there as well.

FUTURE CHALLENGES

Mira Slott: *What do you think the biggest challenges are to your future goals with sustainability?*

Maria Brous: One of the things that I'd list is our size. Being able to find suppliers to meet our ever-growing store count poses a challenge in most cases. Even though we're very regional, it's still a large store count to be regional. When you look at those 1002 stores, 783 are Florida-based.

When you ask about our trucks and our

fleet, we have over 684 tractors on the road at any given day, so that becomes difficult in of itself to say, "Okay, we can convert." We looked at our generators in 2004 after we were hit with back-to-back hurricanes. Being Florida-based, we always knew we had a pretty tight business, but when we looked at 2004 losses of over \$60 million because we couldn't recuperate before we were hit with the next hurricane, we decided that we were going to take matters into our own hands and do generators. It started off as a project that would invest \$100 million in hurricane-prone stores and then turned into a plan to cover the entire state where practical.

Michael Hewitt: We have over 700 stores now with these 500-kilowatt generators. Many of them are bio-fuel, which means they run off of the mixture of diesel and natural gas, making them more efficient and allowing for a longer runtime. That again gets to the people component of sustainability and providing help after the hurricane hits.

Maria Brous: People look at Publix.

Michael Hewitt: ...to help them buy their medicine, to get clean water to drink and food to eat, and ice, which is obviously very important after a hurricane.

Maria Brous: Everything goes off the shelf at one point or another. It amazes me the amount of produce, meat and dairy that we sell during that pre-hurricane rush. "What are people doing with this?" you wonder, because inevitably, you're going to lose power no matter where you are at some given point.

I still lived in South Florida in 2004 and right after Hurricane Charlie, I remember listening to the radio and one of the morning DJs said, "I knew it was serious when I went to my local Publix and they were closed. They're only closed three days a year." This was the fourth day. This to him was the major topic of conversation because we are that kind of congregation point.

Mira Slott: *You mean the fact that people are depending on you.*

Maria Brous: Yes, and while that is a great honor, it also comes with a heavy load and a heavy responsibility that so many people depend on us as part of that community.

We have many more eyes that look at us from all different directions. Not only do customers expect more from us, but even regulatory agencies and different organizations also expect us to be taking the lead. There's the pride and everything else that we have, but there is also a higher set of standards that we hold ourselves to not only because we believe in that personal accountability.

Michael Hewitt: It's expected, and it's amazing the effort that goes into preparing for a hurricane and to make sure that after the

hurricane, we're up and running as soon as possible. That's not just keeping the supply routes running, but hurricane debris removal and everything else that goes into opening up after a big storm.

Maria Brous: All the things that we have done to become more energy-efficient have also helped us in the recovery processes. They're all linked together.

Ken Whitacre: *Has the economy slowed any of this down? Has it delayed how fast you're able to create a new store?*

Maria Brous: The time doesn't change for us. One of the most important things, which *Fortune* magazine noted for us, too, is in a tough economic time we are a debt-free company. We are making acquisitions. We continue to be strong. We are still purchasing.

Do consumer trends change? Absolutely. Will we delay different projects because our focus is on our retail stores and servicing customers? Do we re-prioritize? Yes. To say no would be inaccurate. The economy plays a significant part, but the commitment level does not change.

Whatever the project is that we're working on, whatever becomes a priority today, we may need to wait on trying to work with a specific vendor or on a pilot that they were doing because it just doesn't make good business sense now. However, that doesn't mean we're going to stop talks about how to find the next great thing in composting, or how to get back to that organic food recovery plan. We keep an open door. We're always seeking information that allows us to do different things being debt-free.

We can take more risk in a tough economy, even though we've always been very cautious. We are a very lean company. There's not a whole lot of fluff and excess. Being stockholders in our company, we've always tried to eliminate waste — that's part of our mission statement — from inside out. So while the economy has changed for America, how we do business hasn't.

Mira Slott: *When the gas prices kept increasing to over \$4.00 a gallon, there was big talk about sustainability and then, there was concern that maybe when the prices of gas started dropping, all of a sudden this big push in sustainability was going to be pushed under the rug again.*

Maria Brous: What kills me is that if there's been flooding or droughts, we'll get calls asking, "How is this going to affect the price of your produce today or tomorrow?" I'm trying to explain you won't see the impact today or tomorrow. It's a longer-term affect. Come talk to me in about three months.

Rising gas prices is a perfect example. Fuel is only one part of the equation, during the prolonged period of time when problems accumulate. When customers saw the gas prices go down again, they assumed that the cost of goods would go down, but there's still the cost of the raw materials and everything else that's factored in.

The other part to that is the grocery business is a penny-for-profit business. There is not a whole lot of room for money to be made. Consumers see prices increasing, and they automatically expect the grocer is profiting on that, when the actuality is we have to work hard for every dollar that you're spending. We're earning pennies on that dollar. We have to sell a lot of groceries in order to make it work and our commitment has to be there.

Ken Whitacre: *Do you see your stores as three separate entities — being GreenWise, your newer Publix formats that you open, and your older Publix stores — and treat them differently in any way?*

Michael Hewitt: No, we really don't. It's all the same to us. We have a few different formats because we're always trying to service the customer better. But when it comes to energy efficiency or efficiencies realized during the construction process, insulation, the myriad things we do to make our retail operations more sustainable; that mantra is the same.

Ken Whitacre: *Let me throw in solar*

"A company with heart is probably the biggest form of praise that you can give us. It is our skin in the game. We have the commitment and pride and ownership all tied into one."

— Maria Brous

power, for example. Does solar power have a different priority for a GreenWise store as it does for the other stores?

Michael Hewitt: No, it's not a different priority. It's a priority for the company. Solar will be increasing in its importance going forward. What we're looking for with solar is to figure out how best to integrate that technology into what we do, and our GreenWise Markets provided us with an opportunity — going back to the laboratory comment earlier — to install some solar on a retail operation, and look at how that works, how efficient it is, what the cost is, what the payback is and what the benefits are. We've also installed solar at our corporate office, so it's not just at retail. We have photovoltaic generating capacity.

Maria Brous: We have another traditional Publix that has solar installed, too.

Michael Hewitt: That's right. We have a total of four solar installations, each one similar, but there are differences with each. We're looking for how to make that work. Maybe



one day you'll see solar at every Publix.

Ken Whitacre: *So, that continues to be a work in progress. It's very much a laboratory-type of an environment.*

Maria Brous: There are more hands over-all at all times on the GreenWise Markets just because it is such a laboratory. It gives us a controlled area to work with, so it does help us to try things, but we're also very realistic. Our GreenWise stores are 39,000 square feet. A traditional Publix typically would range up to 61,000 square feet, so there are different things that we need to try in traditional stores, as opposed to a smaller-scale store.

When we acquired some of the Albertson's locations late last year, some of them are as large as 74,000 square feet. It's a whole different prototype. We're very careful to understand the impact.

Some stores are as small as 27,000 square feet. Urban stores tend to be a whole other issue. We have stores with above-ground and underground parking and condominiums on top. There's just an array of different stores that we go into. Our goal is to be able to go into any format or size store and maximize its potential. The ground up is definitely easier for us because we have a lot more say.

Our GreenWise Market in Palm Beach Gardens is LEED-certified and that became the buzz. People ask us all the time, "Will all your stores be LEED-certified?" Well, no, that's unrealistic to look at a grocer with a 1,000-store footprint and ask us that, but we wanted to try things. We wanted to understand. We

hadn't built a LEED-certified store before, so we needed to try to do that. What's the economic impact? What's the long-term affect of that? What's the goal? We're not going to do it simply to say it's LEED-certified. How does that impact the customer? How does that impact us as a company? Are we being responsible stewards?

At the end of the day, we have stockholders we answer to, which is each one of us, in being able to be a financially viable company. But a company with a heart is probably the biggest form of praise that you can give us. It is our skin in the game. We have the commitment, pride and ownership all tied into one.

INDUSTRY RELATIONS

Ken Whitacre: *Does Publix participate in Fair Trade with bananas or coffee or anything like that?*

Maria Brous: We have stayed out of Fair Trade. We believe that those are issues that need to be handled outside of our arena. We are not involved. We encourage the parties to come to the table and have those discussions and our job, at the end of the day, is to be a responsible supplier to our customers, be an outlet. We do not engage in this regard. We are very respectful.

We don't like anybody coming into our house telling us how to do business. We don't go into other people's and do that, but we do establish the relationships for the long-term. It's not uncommon for you to go to our suppliers that we have worked with for 30, 40, some 50 years, and still remember Mr. George.

Ken Whitacre: *There are many items that have to have certain certifications, such as GlobalGAP and ChileGAP, which actually have a sustainability or a corporate social responsibility element to them. I wanted to see what your philosophy is on that, if you look at that, if you are open to that, or if that's something beyond the realm of what you really want to get involved in at this point?*

Michael Hewitt: It is beyond what we are directly involved in right now. We might get into that arena somewhere down the road. As Maria said, we have very specific philosophies about Fair Trade and I don't see that changing.

Mira Slott: *Beyond Fair Trade, there has been this push for development of sustainability metrics for specialty crops and another initiative to create national standards for sustainability. There's a debate about whether it's desirable — or even possible — to have national standards for sustainability, even in terms of defining what sustainability is. Are you participating in those discussions?*

Michael Hewitt: We're not participating in those discussions on a national scale. My phi-

losophy of sustainability is that it is unique to every company. So, there is no one-size-fits-all for sustainability. What makes less sense to me is to try to come up with some national standard of sustainability and then hold everyone to it.

Sustainability really has a lot to do with company philosophy, who's running the company, and how engaged all of the employees are in that company. It's very company-specific and it's also very business-specific.

Sustainability would be implemented much differently for Publix than it would be for a shoe store or an electronics store, simply because our operations are very different. I like to think that our sustainability strategy is unique to Publix, not to say that it's better than anyone else's, but it works well for us.

Mira Slott: *Well, it seems to be all encompassing. You're covering every aspect of sustainability and corporate social responsibility. It's not where you have some narrow environmental initiative, which is what someone might initially think with the attention on your recyclable strategies. After talking to you here for this amount of time, one can get a sense of how sustainability envelops your company in everything you do.*

Michael Hewitt: You have to live it...you really do. For some people, they were living more sustainable at home and that has permeated the workplace. In other cases, we find associates are learning more about sustainability at work and they're taking that home with them. So, it works both ways.

And now, through our Web site and through other opportunities, we're helping our customers apply sustainability at home, and we're trying to provide our customers with buying options in our stores that would help them live a greener lifestyle at home.

Mira Slott: *What advice could you give to produce industry companies that want to work with you and improve sustainability goals within their own companies?*

Michael Hewitt: Well, I'd tell them to be engaged with Publix; we're always talking to our various suppliers looking for opportunities. Another avenue might be through various trade associations where we can band together and make big changes, rather than just a smaller, local change, which might be more Publix-specific.

I would encourage produce growers to think about, if not specifically try to calculate, their carbon footprint. Look at where their greenhouse gas emissions are coming from. Is it through fuel use or fertilizer use? Look for ways to reduce that impact and then look for ways to put that in front of customers. Find ways to present that message via the Internet



or maybe through partnering with a retailer to say, "This produce was grown at a farm that was more sustainable and here's why."

Also, I would encourage people to be very careful about measuring. When you look at impacts, for instance, carbon footprints, you need to be very careful to document, and very careful in how you collect that information so you can be transparent when you talk about it with other people, and when people come to you with questions, as they inevitably do.

Mira Slott: *No math manipulation.*

Maria Brous: We don't believe in funny math. No way.

Michael Hewitt: We never overreach when we talk about our green efforts. If anything, we're conservative when we talk about it because we never want to be accused of overstating anything or perhaps even brainwashing what it is that we're doing.

Maria Brous: What you see is what you get. That's what it comes down to. We are a very transparent company in every aspect. That's the only way we know how to be. But it's worked for 79 years, so we're doing something right.

Ken Whitacre: *Does Publix have any systems where you actually highlight a certain vendor each year for going above and beyond?*

Maria Brous: We are very protective of our supplier relationships. We don't engage in publicizing. We don't do a lot of press releases, unless it's a mutual agreed-upon kind of deal. But, we are respectful of the relationship. We expect a lot, and we give a lot in return.

I think overwhelmingly, what you'll hear from our supplier community is we're a tough company, but when you're in, you're in, and it's good to be that way. We like to set that bar high because at the end of the day, we're there to serve our customers and to exceed their expectations. We do that every day, and we expect no different from our suppliers.

We come in with a service mentality. We are there to serve and we ask that our suppliers come to the table with the same mentality, and understand that our customers always come first. Always.

Mira Slott: *It seems like there's this sense of integrity in what you do. I mean, it's a business obviously, but I think you said something nice about having a heart.*

Michael Hewitt: I think no one takes that for granted at Publix, but for the people who've been there for years and years and years, it becomes just everyday, natural — it's automatic. For those of us who came in more recently, like I did three years ago, I still sometimes just take pause and think about what I hear and see, and think about what a neat

company this is and how unique it is.

Mira Slott: *Well, it's interesting because I hear that same family nature at PRODUCE BUSINESS, and it makes you feel dedicated to want to do your best.*

Michael Hewitt: You touched on something really important, which we didn't talk about earlier, and that is when Publix is looking for new talent, when we're looking for that next generation — the generation that's going to run the company after we're gone — those are the people that we're looking for, the people who feel that connection. Thankfully, there are also people out there who are looking for that connection.

The message of sustainability is yet another way for us to reach out to that talent pool and attract...

Mira Slott: *People want to be a part of something, to feel like their input counts.*

Michael Hewitt: Right. I mean, surveys have shown that people — young people especially — are actually coming out of college willing to take a job for less money if it's with a company that they believe in, that they admire, that they believe is doing the right thing, which is great.

Maria Brous: I think interestingly enough, people always ask — especially during the holidays and summer — "Are you hiring for seasonal?" and our answer is no. We're looking to make careers at Publix. It's not just a job. It's a career. Much like it's a lifestyle, it really is a sense of "This is who we are."

Mira Slott: *It must be very hard to be in an industry with high turnover, especially when you're going to all the effort of training people.*

Maria Brous: I think within the first 30 days, we spend, on average, about \$6,000 training our associates. Most of our them, within the first 90 days, know it's a place for them, that it's something that they can do. So, we figure the majority of our turnover happens within the first 90 days. But, when you talk to them, it's not uncommon to see the lifers come out. We have a district manager who is receiving his 55th Year Service Award coming up in April, and that's not uncommon. The average — our median for store manager of years of service — is 25.4 years.

Ken Whitacre: *That's incredible. So do you find that the people who want to work at GreenWise are more loyal, more dedicated?*

Maria Brous: I don't think so, because it's such a small niche for us. When people come to us, there is expertise at times. Their expertise may be different because we may have more of the lifestyle. It's different.

With only three stores, that was a big issue to come around the table and say the organic

lifestyle is different than a clean-cut, traditional associate should be. But it was important for us to step outside of that norm because we were looking for the expertise in the area, and we can continue to train associates there.

But, once you're on board, once you've drunk the water, we expect you to be a part of this family and kind of sharing, and you don't last if you don't. It's one of those things that people definitely know.

Michael Hewitt: Right. They'll start when they're a teenager stocking shelves, and they may go to college, but they come back. It's not unusual to meet a manager or director, or even a vice president, who was once stocking shelves.

Mira Slott: *It's like your experience when you've seen all different aspects of the operation — it probably helps you and adds to your understanding in how to answer a question.*

Maria Brous: It does. I think I'm very fortunate that way. But I think we each have our story to share and we're all different. I mean, that's the greatest thing and the greatest gift that we have; it's a diversity of thought. We really are a company that welcomes that, and diversity is not black or white, male or female, or an ethnic group.

For us, it really is about diversity of thought and coming to the table with a different train of reference, and really, what you bring to the table. And, Mr. George always had a saying that "Publix will be a little bit of a better place or not quite as good because of you." And that, still today, years later, resonates. It's in all our break rooms and it's something that we very much live by. What is your contribution in making this a little bit better place or not quite as good?

Mira Slott: *Well, thank you so much for devoting all this time. It's just been fascinating.*

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